

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

aS21
.A86U655



1 9 9 2

BUDGET SUMMARY

U.S. DEPARTMENT OF AGRICULTURE

UNITED STATES DEPARTMENT OF AGRICULTURE

TABLE OF CONTENTS

Item	Page
INTRODUCTION	1
PROGRAM LEVELS AND OUTLAYS	2
USDA SUMMARY	4
MAJOR INITIATIVES:	
Food Safety	14
Water Quality	16
Global Change	20
Research	21
1890 Institutions	23
Explanation of Major Changes by Agency	
RESEARCH AND EDUCATION:	
Agricultural Research Service	25
Cooperative State Research Service	28
Extension Service	32
National Agricultural Library	34
COMMODITY PROGRAMS:	
Commodity Credit Corporation	35
INTERNATIONAL PROGRAMS:	
Export Credit	40
Public Law 480	42
Foreign Agricultural Service	43
Office of International Cooperation and Development	44
SOIL AND WATER CONSERVATION PROGRAMS:	
Soil Conservation Service	46
Agricultural Stabilization and Conservation Service	49
FOREST SERVICE:	
Forest Service	52
SMALL COMMUNITY AND RURAL DEVELOPMENT:	
Farmers Home Administration	57
Rural Development Administration	63
Rural Electrification Administration	65
Federal Crop Insurance Corporation	67

TABLE OF CONTENTS

Item	Page
FOOD AND CONSUMER SERVICES:	
Food and Nutrition Service	69
Human Nutrition Information Service	78
MARKETING AND INSPECTION PROGRAMS:	
Animal and Plant Health Inspection Service	79
Food Safety and Inspection Service	83
Agricultural Marketing Service	85
Federal Grain Inspection Service	88
Packers and Stockyards Administration	88
Agricultural Cooperative Service	89
ECONOMICS AND STATISTICS:	
Economic Research Service	90
National Agricultural Statistics Service	91
World Agricultural Outlook Board	91
DEPARTMENTAL ACTIVITIES:	
Departmental Activities	92
TABLES:	
Budget Authority by Agency	95
Outlays by Agency	96
Staff-Years by Agency	97

INTRODUCTION

This booklet describes the fiscal year 1992 budget for the Department of Agriculture. All references to years refer to fiscal year, except where specifically noted. The estimates in the booklet reflect the impact of recently enacted legislation. Where appropriate, requests for supplemental funds during 1991 have been included in the 1991 estimates. Throughout the booklet, acronyms are used to refer to the recently enacted legislation:

- o Food, Agriculture, Conservation, and Trade Act of 1990 (FACT)
- o Omnibus Budget Reconciliation Act of 1990 (OBRA)

The Omnibus Budget Reconciliation Act of 1990 changed the method that the Federal Government uses to estimate the cost of providing credit to the public. Beginning in 1992, the lifetime subsidy cost of providing the loan will be scored as budget authority in the year that the loan is made. Also, the subsidy portion of the loan is scored as an outlay when the direct or guaranteed loan is disbursed to the borrower. These changes are reflected in the estimates throughout the booklet.

Knowledge of the following basic budget terminology will assist the reader in understanding the budget proposals:

- o "Program Level" represents the gross financial value of benefits provided to the public by USDA. These benefits may be in the form of financial assistance through grants, guaranteed or direct loans, cost-sharing, professional services such as research or technical assistance activities, or in-kind benefits such as commodities.
- o "Budget Authority" is the authority to commit funds of the Treasury. This authority is normally provided by the Congress through appropriations acts. The President's budget requests the Congress to appropriate or otherwise provide an amount of budget authority sufficient to carry out recommended Government programs.
- o "Obligations" are specific commitments of Government funds. In order to make a valid obligation, a sufficient amount of unused budget authority must be available to cover the obligation.
- o "Outlays" are cash disbursements from the Treasury to satisfy a valid obligation.

Since the primary purpose of this booklet is to describe the programmatic impact of the 1992 budget, the program level concept has been used in most instances. However, there are some cases where other measures are used and the reader should take care to note which measure is being used in any particular subject area. The reader should also understand that many 1992 estimates are very tentative especially where programs are sensitive to weather or economic conditions.

Any questions may be referred to the Office of Budget and Program Analysis at (202) 447-6176.

UNITED STATES DEPARTMENT OF AGRICULTURE
Program Level and Outlays
(Dollars in Millions)

Agency/Program	Program Level				Outlays		
	1990 Actual	1991 Current Estimate	1992 Budget	Change 1991 to 1992	1990 Actual	1991 Current Estimate	1992 Budget
RESEARCH AND EDUCATION							
Agricultural Research Service	\$593	\$632	\$671	\$39	\$587	\$621	\$655
Cooperative State Research Service	341	391	384	-7	350	387	368
Extension Service	369	399	411	12	364	388	407
National Agricultural Library	15	17	18	1	15	17	15
Research Construction	58	104	71	-33	35	43	40
Total, Research and Education	1,376	1,543	1,555	12	1,351	1,456	1,485
COMMODITY PROGRAMS							
Commodity Credit Corporation	13,483	15,544	16,604	1,060	6,471	10,844	11,043
ASCS, Salaries and Expenses	635	717	770	53	*	*	*
Total, Commodity Programs	14,118	16,261	17,374	1,113	6,471	10,844	11,043
INTERNATIONAL PROGRAMS							
Export Credit Guarantees	4,296	5,700	5,700	0	*	*	*
Export Enhancement Program	312	900	1,200	300	*	*	*
P.L. 480	1,520	1,576	1,400	-176	887	1,120	585
Foreign Agricultural Service	101	106	110	4	97	100	108
Market Promotion Program	200	200	200	0	*	*	*
General Sales Manager	7	8	9	1	*	*	*
Office of Intern'l Cooperation & Development ..	37	42	41	-1	3	13	13
Total, International Programs	6,473	8,532	8,660	128	987	1,233	706
SOIL AND WATER CONSERVATION PROGRAMS							
Soil Conservation Service	804	762	809	47	769	773	805
Conservation Reserve Program	1,513	1,815	1,791	-24	1,513	1,815	1,791
Agricultural Stabilization and Conservation Service, Financial Assistance	247	241	346	105	240	268	327
Total, Soil and Water Conservation	2,564	2,818	2,946	128	2,522	2,856	2,923
FOREST SERVICE	3,473	3,272	3,391	119	2,934	3,236	3,209
SMALL COMMUNITY AND RURAL DEVELOPMENT							
Farmers Home Administration:							
Farm Programs	2,296	4,504	3,490	-1,014	2,241	1,715	836
Rural Housing Programs	2,565	2,654	2,385	-269	3,077	3,285	3,020
Salaries and Expenses	563	650	682	32	397	429	7
Subtotal, Farmers Home Administration	5,424	7,808	6,557	-1,251	5,715	5,429	3,863
Rural Development Administration :							
Rural Community Development Programs	812	1,199	896	-303	991	976	1,056
Salaries and Expenses	58	67	73	6	6	7	8
Subtotal, Rural Development Administration	870	1,266	969	-297	997	983	1,064

Agency/Program	Program Level				Outlays		
	1990 Actual	1991 Current Estimate	1992 Budget	Change 1991 to 1992	1990	1991	1992
					Actual	Estimate	Budget
Rural Electrification Administration:							
Rural Utility Loans	\$1,116	\$2,011	\$2,199	\$188	\$247	\$372	\$508
Salaries and Expenses	31	33	38	5	31	33	3
Subtotal, Rural Electrification Admin.	1,147	2,044	2,237	193	278	405	511
Federal Crop Insurance Corporation	1,328	1,603	1,359	-244	979	884	859
Total, Small Community and Rural Development	8,769	12,721	11,122	-1,599	7,969	7,701	6,297
FOOD AND CONSUMER SERVICES							
Food and Nutrition Service:							
Food Stamp Program Program	15,528	18,277	19,650	1,373	14,992	18,312	19,638
Nutrition Assistance for Puerto Rico	937	963	1,013	50	931	963	1,013
Child Nutrition Programs	5,441	5,991	6,515	524	5,326	5,985	6,446
Women, Infants and Children (WIC).....	2,129	2,350	2,573	223	2,121	2,340	2,561
Food Donations Programs	251	265	270	5	245	250	264
Emergency Food Assistance Program	169	170	147	-23	167	170	155
All Other	187	213	227	14	186	196	217
Total, Food and Nutrition Service	24,642	28,229	30,395	2,166	23,968	28,216	30,294
Human Nutrition Information Service	9	10	13	3	9	9	12
Section 32 Funds	58	305	300	-5	16	16	0
Total, Food and Consumer Services	24,709	28,544	30,708	2,164	23,993	28,241	30,306
MARKETING AND INSPECTION SERVICE							
Animal and Plant Health Inspection Service	434	448	461	13	371	421	410
Food Safety and Inspection Service	423	450	475	25	423	450	425
Agricultural Marketing Service	179	205	239	34	144	165	171
All Other	57	63	70	7	24	25	21
Total, Marketing and Inspection Programs	1,093	1,166	1,245	79	962	1,061	1,027
ECONOMICS AND STATISTICS							
DEPARTMENTAL ACTIVITIES							
Departmental Offices	116	123	142	19	117	125	141
Centralized Activities	93	104	109	5	84	103	102
Receipts	0	0	0	0	-1,502	-1,557	-1,696
USDA, TOTAL	\$62,904	\$75,218	\$77,405	\$2,187	\$46,012	\$55,432	\$55,691

*Outlays attributable to these activities are included in CCC totals.

USDA SUMMARY

The overall USDA budget for 1992 calls for a program level of \$77.4 billion, an increase of \$2.2 billion over the 1991 current estimate of \$75.2 billion. Cash outlays for 1992 are estimated at \$55.7 billion, an increase of \$0.3 billion over the 1991 current estimate of \$55.4 billion.

The budget includes 1991 supplemental appropriations requests for:

- o Export Enhancement Program (EEP). In order to maximize U.S. export levels and to further U.S. trade policy objectives, 1991 supplemental appropriations language is proposed to remove the limitation on EEP bonus awards. The estimated program level for 1991 is \$900 million, \$475 million higher than the current limitation.
- o Food Stamp Program. Supplemental appropriations language is proposed to provide "such sums as are necessary". The current estimate of additional funds for 1991 is \$200 million. However, due to the uncertainty in estimates of participation, as much as \$1.5 billion may be required.
- o Agricultural Stabilization and Conservation Service, Salaries and Expenses. An additional \$86.9 million is requested for 1991 to cover additional operating expenses and implementation of the FACT Act.
- o Food Safety and Inspection Service. An additional \$8.0 million is requested for 1991 to maintain mandatory in-plant inspection and to take over the State of Maryland's inspection program as of April 1, 1991.

The 1992 budget contains several items of emphasis including:

- o Food Safety. The Department proposes to continue to significantly upgrade the available information on the use of pesticides and the presence of pesticide residues in the food supply. An increase of \$26.3 million over the 1991 level of \$97.0 million for a total of \$123.3 million is proposed in 1992 (page 14).
- o Women, Infants, and Children (WIC). The 1992 budget proposes an additional \$223 million over the 1991 level of \$2.4 billion. This increase in funding will provide for expanding monthly participation by about 175,000 participants for a total of 4.9 million (page 75).
- o America the Beautiful. The 1992 budget continues the America the Beautiful (ATB) program which was a Presidential initiative in 1991. ATB funding increases by \$150.3 million (+34 percent) over 1991 and is distributed among various Forest Service programs. Included within the ATB is an expanded recreation program. The Forest Service recreation budget of \$333 million includes a \$46 million (+16 percent) increase over 1991 as the first year of a three-year effort to expand the availability and quality of recreation opportunities on the national forests (page 53).

- o Establish the Rural Development Administration (RDA). The 1992 budget reflects the transfer of the Farmers Home Administration's community and business programs to this new agency, as required by the FACT Act. The Act also provides additional discretionary authority to transfer other USDA programs to the new agency. Planning for the RDA is just getting underway and the Department has not completed its consideration of which additional USDA programs, if any, would be best suited for administration under the new agency (page 63).
- o Water Quality. An additional \$33.2 million over the 1991 level of \$206.4 million for a total of \$239.6 million is proposed in the 1992 budget to continue the water quality emphasis. Nine USDA agencies will provide data collection and analysis, research, education and financial assistance (page 16).
- o Global Change. An increase of \$13.5 million over the 1991 level of \$38.6 million for a total of \$52.1 million is proposed in 1992 for global change as the USDA part of a governmentwide research and data analysis program coordinated through the Committee on Earth and Environmental Sciences. Research funding is proposed for Federal scientists of the Agricultural Research Service, Economic Research Service and the Forest Service and for competitive grants to universities to assure that a broad spectrum of expertise is engaged in developing solutions to major issues identified with changes in the environment (page 20).
- o Competitive Research. The National Research Initiative (NRI) begun in 1991 is continued in 1992 and increased to a total of \$125 million (71 percent above 1991). Through the use of competitive grants, this program will apply advanced technologies to reach solutions for the most urgent problems facing farmers, ranchers, and consumers of agricultural products. In addition, \$25 million is provided for a new program of university research facility competitive grants (page 21).
- o 1890 Land-Grant Institutions. USDA in the 1990 budget launched an effort to strengthen the historically black 1890 land-grant institutions and Tuskegee University. The 1992 budget continues this effort and proposes an increase of \$4.9 million for a total of \$90.1 million for these programs (page 23).

Agency highlights include:

Proposed funding for Research and Education programs totals \$1.6 billion in 1992.

- o Agricultural Research Service funding for research programs totals \$644.8 million compared to \$605.7 million in 1991. Program increases focus on research to promote an environmentally-sensitive agriculture and to support the development of new knowledge to

address critical issues in food safety. Additional funds for water quality (+\$4 million) and global change (+\$4 million) will expand ARS research in these interagency initiatives. Other increases are proposed to develop new biological controls and pilot-test integrated pest management strategies (+\$2.5 million), develop systems to integrate animal wastes into crop production (+\$1 million) and to explore opportunities to use gypsum wastes from power plant pollution controls as soil conditioners (+\$2 million). Opportunities exist to reduce the cost of producing alternative fuels and a \$2 million increment is proposed to expand research to improve the conversion of biomass to alcohol fuels. A wide range of food safety issues confront producers, processors and consumers of agricultural products. A \$6 million increase is proposed to develop advanced science to address concerns over pesticide and drug residues in commodities and contamination with microbiological agents and mycotoxins. Construction funds totalling \$46.1 million are proposed to support major modernization and new construction needs at seven ARS research facilities (page 25).

- o Programs of the Cooperative State Research Service are funded at a total level of \$409.2 million in the budget. A highlight is second year funding of \$125 million for the National Research Initiative (NRI) competitive grants program. The proposed \$52 million increase, in line with a 1991 Administration commitment to expand the program, will support increases in ongoing categories and enable the Department to start programs in development of new processes and products and markets, trade and policy research. In 1991 the Congress appropriated \$62.9 million for earmarked construction. This is not proposed for 1992. However, in conjunction with the NRI, the budget proposes \$25 million to begin a program of competitive, matching grants for university research facilities. The budget supports other national priority programs in university research, including increases for Hatch Act and 1890 institutions formula programs and \$26.7 million for selected special grants. Low priority grants will not be funded in 1992. Higher education programs are funded and the 1890's Capacity Building Grants program is increased to \$11 million (page 28).
- o Education and technology transfer programs of the Extension Service are proposed at a total funding level of \$410.8 million, \$12.3 million above the 1991 current estimate. In addition to increases for the basic formula programs, the budget proposes funds to continue and expand programs in specific National priority areas. Environmental and food safety issues are high priorities, consistent with areas of emphasis in research. Increases for Extension include funds for education programs as part of the President's water quality initiative (+\$5.1 million), integrated pest management (+\$2.6 million) and food safety education for producers, processors and consumers (+\$0.5 million). Extension also proposes funds to increase the youth-at-risk program (+\$7.5

million) to support participation in additional prevention/intervention projects in communities with serious risk factors. The Expanded Food and Nutrition Education Program (EFNEP) is funded at \$58.6 million (page 32).

Net outlays for the Commodity Credit Corporation programs continued to decline from \$10.5 billion in 1989 to \$6.5 billion in 1990, only about a quarter of the record-setting 1986 level of \$25.8 billion. This continued decline was the result of the market-oriented provisions of the Food Security Act (FSA) of 1985, decreasing inventories and strong grain prices due to the recent droughts and strong efforts to promote exports. In 1991, net outlays are estimated at \$10.8 billion, an increase of \$4.4 billion over the 1990 level, based on larger 1990 crops. For 1992, CCC net outlays, estimated at \$11.0 billion, are up slightly from 1991 but are lower than they would have been without the legislative changes mandated by the FACT Act and OBRA (page 35).

The total program level for the International Programs area is \$8.7 billion in 1992, \$128 million above the 1991 level. Export credit guarantees are projected at \$5.7 billion, including \$200 million for emerging democracies. The FACT Act requires that a total of \$1.0 billion in guaranteed loans be made available to emerging democracies during 1991 through 1995. The Administration plans to provide \$200 million for each of these years. These loans may be used for export credit or for financing improvements in marketing, storage and distribution facilities for imported commodities. The estimated 1991 program level for bonus awards under the Export Enhancement Program is \$900 million. This is \$475 million higher than the limitation in the 1991 Rural Development, Agriculture, and Related Agencies Appropriations Act. The Administration is requesting supplemental appropriations language to remove this limitation. The 1992 program level for this program is estimated at \$1.2 billion. In the P.L. 480 program, a new Title III Food for Development Grant Program is authorized by the FACT Act and will be implemented in 1991. This program provides food assistance on a grant basis to least developed countries through government-to-government agreements. Sales proceeds from sale of the commodities on the local market may be used to support a variety of economic development and related activities in the recipient countries. Total commodity shipments for the P.L. 480 program are projected to decrease in 1992, down from 6.6 million metric tons in 1991 to 5.9 million metric tons (page 40).

The 1992 budget for the Soil Conservation Service (SCS) is \$809.3 million, an increase of \$47.0 million above the 1991 current estimate. SCS will continue to place top priority in implementing the conservation provisions of the FSA of 1985 as well as meeting the new requirements of the recently enacted FACT Act of 1990. An additional \$50 million and about 668 staff years are provided for Conservation Technical Assistance to help farmers and ranchers meet the 1985 FSA requirements by the December 31, 1994 deadline. A total of \$45.6 million is proposed to provide technical assistance in support of the Administration's water quality initiative. The budget proposes decreases in funding for Watershed Planning (-\$1.9 million), River Basin Surveys and Investigations (-\$1.8 million), Resource Conservation and Development (-\$6.3 million) and Watershed and Flood

Prevention Operations (-\$22.8 million). The budget proposes \$25.3 million (+\$0.7 million) for the Great Plains Conservation Program (GPCP), which would allow for about 1,160 new GPCP contracts (page 46).

The 1992 program level for the Agricultural Stabilization and Conservation Service reflects stable funding levels for the traditional cost-share programs. Funding is available for the high priority special water quality projects of the Agricultural Conservation Program (ACP) and the Colorado River Basin Salinity Control Program at 1991 enacted levels. In addition, within the ACP the budget requests \$5 million to fund the Water Quality Incentives Program, as authorized by the FACT Act. The Conservation Reserve Program (CRP) will provide rental and cover cost payments for up to 39.4 million acres of highly erodible or environmentally sensitive land to the extent they are enrolled by the end of 1995. The 1992 program level of \$1.8 billion for CRP will support the 34.5 million acres expected to be under contract through 1991 as well as 1.1 million acres estimated to be enrolled in 1992. A new program mandated by the FACT Act, the Wetlands Reserve Program, will allow individuals to retire an estimated 150,000 acres of farmed and converted acres in each year 1992 through 1995 under permanent easements. Participants will receive technical assistance to implement a wetland conservation plan. The Forestry Incentives Program will continue to provide funding for timberstand improvement and tree planting.

The 1991 estimate for Salaries and Expenses includes a supplemental request for \$86.9 million. This increase plus the \$52.4 million increase requested in 1992 are needed to cover increased operating expenses and implementation of the 1990 FACT Act. The FACT Act introduces a number of new provisions resulting in additional workload requiring an increase of 791 county office staff years over 1990 to a total of 16,801 staff years in 1991 and a further increase to 16,957 county office staff years in 1992 for implementation (page 49).

The Forest Service budget for 1992 is estimated at \$3.4 billion, an increase of \$119 million above the 1991 estimate. Receipts from the timber sales, recreation, grazing and mineral lease activities are expected to be \$1.5 billion.

The 1992 budget continues the America the Beautiful (ATB) program which was a Presidential initiative in 1991. ATB funding increases by \$150.3 million (+34 percent) over 1991.

Included within the ATB is an expanded recreation program. The Forest Service recreation budget of \$333 million proposes a \$46 million (+16 percent) increase over 1991 as the first year of a three-year effort to expand these programs to improve the availability and quality of recreation opportunities on the national forests.

The Forest Service budget proposes a timber sales level of 9.335 billion board feet for 1992 compared to 9.546 billion board feet estimated for 1991. The timber related programs are funded at \$1.5 billion, an increase of \$18 million (+1.2 percent) over 1991 and are consistent with the

President's September 21, 1990 response to the listing of the Northern Spotted Owl as an endangered species and the limits established by land management plans (page 52).

The 1992 budget includes \$9.0 billion in loans and grants for the Small Community and Rural Development Area. This compares to \$10.2 billion in 1991. The 1992 budget continues the policy of shifting from direct to guaranteed loans for the Farmers Home Administration (FmHA) and the Rural Electrification Administration (REA), provides for the creation of the Rural Development Administration (RDA) and the transfer to RDA of rural development programs currently operated by FmHA. The 1992 budgets for FmHA and REA are consistent with OBRA's mandated shifts from direct to guaranteed loans. The REA proposal goes even further toward increasing the availability of guaranteed loans. OBRA also provides a new interest subsidy program for FmHA guaranteed farm loans.

- o A total of \$3.5 billion is proposed for FmHA Farm Loans in 1992. Of the total, \$2.8 billion is guaranteed, with a subsidized interest rate offered on a little over \$600 million. The subsidy will allow for interest rate reductions of up to four points if such reduction is necessary for the borrower to cashflow. This will provide more opportunity for borrowers who cannot afford commercial interest rates to qualify for such loans. Guaranteed loans have exceeded direct loans since 1987 (page 59).
- o The budget proposal for Rural Housing includes a mix of direct and guaranteed loans, rental assistance and a voucher program which will provide assistance to approximately 63,000 housing units, compared to the 71,000 units assisted in 1991. Direct loans for single-family housing would be reduced from \$1.3 billion in 1991 to \$559 million. However, \$694 million would be available through guaranteed loans, with \$347 million of that amount being eligible for an interest rate subsidy. Subsidized guaranteed loans are expected to stimulate greater private sector lending interest in rural housing. The rural rental housing program would be funded at \$341 million which would be targeted to areas with an inadequate supply of rental housing. This program would be supplemented with \$270 million in rental assistance. For areas with an adequate supply of housing, \$190 million would be available through a housing voucher program. Vouchers allow participants to choose from a wider range of housing units, plus giving them the flexibility to move without losing their housing assistance (page 61).
- o As required by the FACT Act, the 1992 budget includes shifting the Water and Waste Disposal Loan and Grant Programs, the Community Facilities Loan Program, the Business and Industry Loan Guarantee Program, and the Rural Development Loan Fund to the Rural Development Administration from the Farmers Home Administration. Direct loans for water and waste disposal would be funded at \$425 million, a decrease of \$75 million from the 1991 level. Community Facilities loans would be funded at \$96 million with \$50 million

being available for guaranteed loans. The Business and Industry loan guarantee program would be funded at \$95 million. Loan authority for the Rural Development Loan Fund would be increased to \$35 million from the \$32 million available in 1991 (page 63).

- o The proposal for the Rural Electrification Administration would provide limited direct loan assistance (\$200 million) for those electric cooperatives most in need of financial assistance and would shift most of the electric lending to the private sector with guarantees ranging from 70 percent for distribution borrowers to 90 percent for power supply borrowers. A total of \$1.1 billion in loan guarantees would be available for electric borrowers with \$600 million for distribution borrowers and \$500 million for power supply borrowers. For the telephone program the budget includes \$125 million in direct Rural Telephone Bank loans and \$275 million in guaranteed Rural Telephone Bank loans with a 70 percent guarantee. The interest rate on direct Rural Telephone Bank loans would be increased by one-half percent each year until reaching the cost of Treasury borrowing (page 65).
- o The Federal Crop Insurance Corporation program would be continued in 1992 under current legislation. Program reforms including efforts to achieve an actuarially sound premium rate structure, would continue. New legislation would be proposed to reduce the premium subsidy from up to 30 percent (currently averaging about 25 percent) to 15 percent (page 67).

The 1992 budget for Food and Consumer Services is proposed at \$30.4 billion, an increase of \$2.2 billion above the 1991 current estimate. Highlights include:

- o A program level of \$19.6 billion is requested for the Food Stamp Program, about a 7 percent increase from the 1991 current estimate. In addition, the 1992 budget requests a contingency appropriation of \$2.5 billion to be used if made necessary by unanticipated increases in participation or benefits. Continuing participation increases and increases in benefit levels have resulted in a significantly higher estimate of program costs. The budget proposes 1991 supplemental appropriations language to appropriate "such sums as are necessary". The current estimate of additional needs for 1991 is \$200 million. However, due to the uncertainty in estimates of participation as much as \$1.5 billion may be required (page 70).
- o A program level of \$6.5 billion is requested for the Child Nutrition Programs, about \$0.5 billion more than the 1991 current estimate. This allows for increases in food costs and participation. Legislation is proposed to increase subsidies for meals served in the National School Lunch Program and School Breakfast Program to children in households between 130 and 185 percent of poverty by an additional \$0.25 and \$0.20, respectively, per meal. Thus, the maximum allowable price for a lunch and

breakfast for this group would be reduced from \$0.40 to \$0.15 and \$0.30 to \$0.10, respectively. This proposal will improve targeting of school lunch subsidies by reaching the most needy children. Program increases will be offset by reducing cash subsidies for meals served in the National School Lunch Program (-6 cents) and School Breakfast Program (-3.75 cents) to children from families with incomes over 185 percent of poverty (page 71).

- o A program level of \$2.6 billion is requested for the Special Supplemental Food Program for Women, Infants, and Children (WIC), an increase of \$223 million above the 1991 funding level. This funding level will increase participation to 4.9 million recipients per month, a 175,000 increase above the 1991 current estimate of 4.7 million recipients (page 75).
- o The 1992 budget reflects emphasis on program integrity in the food assistance programs, especially in the Food Stamp Program. The goal of FNS integrity efforts is to efficiently direct program resources to needy beneficiaries while minimizing abuse. Current efforts will be enhanced to combat fraudulent redemption of food stamps by stores for ineligible items or for cash to make a profit. Enhanced Federal staff support will enable expansion of state agency use of electronic benefit transfer (EBT) systems for issuance and redemption of food stamp benefits. EBT systems further the Administration's objective of improved efficiency and security of cash management in payments to recipients, State agencies, and retail stores.

The program level for Marketing and Inspection Programs is proposed at \$1.2 billion, an increase of \$78.1 million over the 1991 current estimate level. New user fee proposals total \$73.2 million.

- o The 1992 program level for the Animal and Plant Health Inspection Service (APHIS) is proposed at \$460.5 million, an increase of \$12.3 million above the 1991 current estimate. APHIS will continue to place major emphasis on the Brucellosis, Screwworm and Agricultural Quarantine Inspection (AQI) programs. The Brucellosis program is proposed for funding at \$67.7 million, an increase of \$3.1 million, to continue key program activities. Funding for the Screwworm program for 1992 is proposed at \$34.0 million to continue operations in Mexico, Belize, and Guatemala. Funding is also proposed to enable APHIS to begin implementation of a ten-year effort to improve its automated data processing capabilities (\$5.0 million). Renovation and construction at APHIS's germplasm quarantine center, animal disease center, and wildlife research center is proposed to be funded at \$23.4 million in 1992. The AQI program is proposed at \$108.3 million and will continue to serve as the major defense against the introduction into the United States of harmful agricultural pests and diseases. As required by the FACT Act and OBRA, APHIS will begin to charge fees for AQI activities before the end of 1991. This is consistent with the

current practices of the U.S. Customs Service and the Immigration and Naturalization Service. Fees to recover a portion of veterinary diagnostics and import-export programs will be implemented at the beginning of 1992 (page 79).

- o The 1992 budget proposes a program level of \$474.7 million for the Food Safety and Inspection Service, an increase of \$24.5 million over the 1991 current estimate. However, outlays will decline due to proposed legislation which will permit the collection of \$50 million by requiring the industry to share 50 percent of inspection costs for daily inspection provided beyond one eight-hour shift. The agency will continue to stress reform in the label review program and implementing the Hazard Analysis and Critical Control Point (HACCP) to improve the meat and poultry inspection system. In addition, an \$8 million supplemental for 1991 is urgently needed to maintain mandatory in-plant inspection of all domestic establishments preparing meat and poultry products for sale or distribution in intrastate commerce (page 83).
- o The 1992 budget proposes \$238.7 million for the Agricultural Marketing Service, an increase of \$34.1 million over the 1991 current estimate. However, outlays will decline due to proposed legislation which will allow collection of an additional \$15.6 million in user fees for tobacco news reports, commodity standardization and administration and economic analysis of marketing agreements and orders (page 85).

As part of the Food Safety Initiative, an increase of \$10.0 million is proposed for contracts with the States to conduct commodity pesticide residue testing within market distribution channels.

Other program increases include funding for increased monitoring and testing of egg products for microbiological and chemical contamination, funds for implementation of pesticide record keeping, and funds to implement the National Laboratory Accreditation Program.

- o The 1992 budget proposes a program level of \$53.2 million for the Federal Grain Inspection Service, an increase of \$6.3 million over the 1991 current estimate for additional work to improve grain quality standards, inspection methods development and residue testing. However, outlays will be reduced due to proposed legislation to collect \$7.6 million in user fees for standardization and quality assurance activities (page 88).

The 1992 budget for the Economics and Statistics agencies proposes an increase of \$18.8 million. The Administration's effort to maintain the safety of the nation's food and water supply will be enhanced by the approximately \$6.0 million increase to expand analysis and data collection regarding these issues. Also, the Department will allocate an additional \$1.0 million for supplemental data collection on pesticide/chemical use to

address related issues. A major Administration initiative to expand research on global change will be supported by new economic studies. Another area of emphasis by the Administration reflected in the Department's budget is the improvement of the quality of government statistics and economic forecasts (page 90).

The 1992 budget for Departmental Activities supports programs for workforce diversity; improving ADP systems; work with the Food and Agriculture Councils; providing additional legal services to respond to a growing demand, more regulatory work and substantial litigation; and the preparation and audit of annual financial statements pursuant to the Chief Financial Officers Act of 1990.

Increased funding for centralized activities is provided for additional hazardous waste management projects performed by various agencies throughout the Department and to fund new statutorily mandated advisory committees (page 92).

MAJOR INITIATIVES

FOOD SAFETY INITIATIVE

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Pesticide Data Program:			
Ag. Marketing Service	0.0	\$11.9	\$21.9
Natl. Ag. Statistics Service	\$0.6	3.5	6.0
Economic Research Service	0.0	0.6	1.9
Human Nutrition Info. Service	0.0	0.5	1.0
Subtotal, Pest Data Program	<u>0.6</u>	<u>16.5</u>	<u>30.8</u>
Expanded Research:			
Ag. Research Service	27.5	38.3	45.8
Coop. State Research Service	8.0	10.1	11.7
Economic Research Service	0.4	0.6	1.8
Subtotal, Expanded Research	<u>35.9</u>	<u>49.0</u>	<u>59.3</u>
Ongoing Efforts:			
Food Safety and Insp. Service	29.3	29.5	29.8
Agricultural Marketing Service	0.2	0.4	0.6
Extension Service	0.0	1.5	2.0
Fed. Grain Inspection Service	0.0	0.1	0.8
Subtotal, Ongoing Efforts	<u>29.5</u>	<u>31.5</u>	<u>33.2</u>
TOTAL, Food Safety Initiative	<u>\$66.0</u>	<u>\$97.0</u>	<u>\$123.3</u>

In 1991, the Department initiated a multi-agency effort to collect and analyze residue data regarding actual exposure levels in fresh fruits and vegetables. Congress supported the pesticide data program initiative by appropriating \$16.5 million to begin operations. The Department also expanded its research into the physical causes and economic consequences of food safety risks. Several ongoing efforts were strengthened to identify residues in meat, poultry, eggs and grains as well as efforts to communicate improved handling and cooking procedures. The budget requests an increase of 27 percent for 1992. Most of the increases are directed at improving knowledge through scientific research, statistical analysis and residue testing.

Pesticide Data Program. The Agricultural Marketing Service (AMS) has begun administering a national pesticide residue monitoring program. Cost-sharing contracts are being entered into with six states to sample and test fresh fruits and vegetables within market distribution channels for pesticide residues. These contracts will provide statistically-based estimates of commodity residues. This information can be used to make decisions by relying on actual risk of pesticide residues rather than worse case scenarios. In 1992, the program proposes \$21.9 million to include additional states, commodities and pesticides.

MAJOR INITIATIVES

The National Agricultural Statistics Service (NASS) has begun collecting on-farm pesticide use data for commodities. The data collected also will be used to support the water quality programs as well as other environmental studies. The data are intended for use in determining what chemicals to isolate in future AMS national residue monitoring programs. This effort is proposed at \$6 million in 1992.

The Economic Research Service (ERS) is working with data collection efforts and will be estimating the economic impacts of alternative pesticide practices that reduce pesticide residue levels. For 1992, \$1.9 million is being proposed in order to carry out studies of pesticide and chemical use in the marketing of fruits, vegetables, nuts and other commodities.

The Human Nutrition Information Service (HNIS) has begun to design procedures for incorporating the pesticide use data (as collected by NASS) and the levels of pesticide residues on fresh and processed products (as collected by FSIS, FGIS, AMS, States, FDA, EPA, universities, industry associations and food companies) with the Nationwide Food Consumption Survey on individual eating patterns. Residue exposures in selected food sources for individuals will be assessed for the average population and by selected characteristics such as age, sex, region of the country, income, education, pregnancy status, and other factors.

A \$1 million effort is proposed for 1992.

Expanded Research. A \$9.1 million increase is proposed for additional research to be conducted by the Agricultural Research Service and the Cooperative State Research Service. This research will provide the scientific basis for operating the testing programs; develop improved techniques for rapid pesticide residue detection; and develop production systems and processes to control salmonella and other microbiological contaminants, and mycotoxins in food grains, feed grains, milk, meat, poultry and eggs. Scientists will also pursue the development of biological control systems as a means to reduce pesticide use. The Economic Research Service proposes an increase of \$1.2 million to conduct research on the economics of food safety. These studies include analysis of the economic consequences due to sources of risk in food such as microbial contaminants, natural toxins, biotechnology products and pesticide residues.

Ongoing Efforts. In conjunction with the pesticide data program, ongoing programs will be expanded by \$1.7 million to strategically test for drug and pesticide residues, and microbiological and mycotoxin contaminants. These programs include the Food Safety and Inspection Service tests for residues in meat and poultry products, the Agricultural Marketing Service efforts for processed eggs, and the Federal Grain Inspection Service tests for grain. The Food Safety and Inspection Service proposes to continue their Food Safety Hotline. Expert advice is provided to about 65,000 phone callers annually. The Extension Service is proposing \$2 million to expand upon an effort initiated during 1991 to educate farmers, merchandisers, and consumers regarding safe production, handling and food preparation procedures.

MAJOR INITIATIVES

WATER QUALITY PROGRAMS

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Research:			
Agricultural Research Service	\$37.5	\$42.5	\$46.5
Cooperative State Research Service ..	25.0	32.6	31.2
Economic Research Service	0.8	1.8	2.1
Forest Service	0.1	0.1	0.0
Subtotal	<u>63.4</u>	<u>77.0</u>	<u>79.8</u>
Data Collection and Analysis:			
Economic Research Service	1.8	1.9	2.6
Extension Service	0.3	0.5	0.5
Subtotal	<u>2.1</u>	<u>2.4</u>	<u>3.1</u>
Technology Transfer:			
Extension Service	18.2	23.2	29.1
National Agricultural Library	0.3	0.3	0.3
Soil Conservation Service	26.5	44.1	45.6
Subtotal	<u>45.0</u>	<u>67.6</u>	<u>75.0</u>
Financial Assistance:			
Agricultural Stabilization and Conservation Service:			
Agricultural Conservation Program:			
Demonstration Projects	0.9	1.8	1.8
Hydrologic Units	7.0	12.1	12.1
Subtotal	<u>7.9</u>	<u>13.9</u>	<u>13.9</u>
Operational Programs:			
Animal and Plant Health			
Inspection Service	13.8	15.8	16.3
Total, Water Quality Initiative ...	<u>132.2</u>	<u>176.7</u>	<u>188.1</u>
Other Financial Assistance:			
Agricultural Stabilization and Conservation Services:			
ACP Special Water Quality Proj. .	11.9	9.1	9.1
Water Quality Incentives Program	0.0	0.0	5.0
Colorado River Salinity Control .	10.4	14.8	14.8
Conservation Reserve Program a/ .	2.5	5.8	22.6
Subtotal	<u>24.8</u>	<u>29.7</u>	<u>51.5</u>
Total, All Water Quality	<u>\$157.0</u>	<u>\$206.4</u>	<u>\$239.6</u>

a/ Includes enrollment under specific water quality criteria only. In addition, water quality will be a factor in considering bids for other CRP enrollment purposes.

MAJOR INITIATIVES

Funds are proposed to continue water quality programs funded in 1991 as part of a coordinated governmentwide initiative. Much of the initiative is being targeted to nonpoint source pollution identified in plans developed by States under requirements of Section 319 of the Water Quality Act of 1987. Agriculture has been identified as a nonpoint source pollution contributor in many States. The major objective of the USDA water quality initiative is to provide farmers, ranchers and other land managers with the information necessary to voluntarily adopt improved, environmentally-sound management practices which do not sacrifice profitability.

Coordination of water quality programs among USDA agencies is conducted through a Working Group on Water Quality of the Secretary's Policy and Coordination Council. At the staff level, committees have been established to assure that planning and implementation of programs is coordinated among involved agencies and to develop the appropriate linkages to assure the relevance of planned activities to the overall objective of encouraging voluntary adoption of both economically and environmentally-sound farming practices. These committees include representatives of other Federal agencies and departments, including EPA and the Departments of Interior and Commerce to assure coordination governmentwide. Representatives of the Economic Research Service are involved in program planning and implementation to assure inclusion of an appropriate framework for economic analysis of projects. Planning and coordination is handled through the Cooperative State Research Service and the Extension Service.

The effectiveness of the initiative will be evaluated based on information relating to the extent of changes in the use of production inputs, in management practices, and in crops and livestock grown. The initiative will also be evaluated based on water quality impacts expected on production factors, management practices and costs of achieving water quality improvements. Highlights of the major program elements funded in 1992 follow:

Research Programs. A \$2.8 million increase is proposed for Federal and university research programs. Agencies will continue to pursue research in support of goals and objectives outlined in the USDA Research Plan for Water Quality. Projects will be continued in the Midwest Corn Belt, where concentrated corn and soybean production involves widespread use of nitrogen and pesticides in connection with conservation tillage practices. Work will also be expanded to:

- o Assess the role of wetlands and stream borders in modifying the movement of chemicals into water.
- o Develop crop rotation systems and means to use animal wastes to maintain and improve water quality without sacrificing profitability.
- o Improve the understanding of transport and deposit of agricultural chemicals in soils and water.

MAJOR INITIATIVES

- o Improve risk assessment with new techniques to assess mutagenic compounds in groundwater.

Ongoing related programs will be continued and expanded to develop more effective biological controls, improved integrated pest management systems and means to better target pesticide applications. Longer-term benefits will also accrue from germplasm enhancement programs to impart natural resistance to pests and to map plant genomes to more quickly target economically important genes.

Data Collection and Analysis. Statistically reliable information on pesticide use and farm practices is needed to assess the impacts of alternative systems and approaches on producers, consumers and rural communities. Other Federal agencies will also use the data to better understand patterns of pesticide use in relation to identified water quality problems. Specific projects include:

- o Collection of pesticide use data by NASS for major crops, with State level statistical reliability, in coordination with other agencies and related programs in food safety.
- o Analysis by ERS of management practices under development by ARS and the universities to assess the economic consequences of adoption of new farming systems.

Technology Transfer. Voluntary adoption of environmentally sensitive management practices by farmers and ranchers is the major objective of USDA water quality programs. Initial technical assistance and education activities have focused on training field employees to improve information delivery capabilities and priority projects in selected areas identified by state water quality plans. Funds provided for 1991 will permit operation of intensive technical assistance and education programs in 74 hydrologic units and 16 demonstration sites. Efforts will continue to improve field staff training and development of updated technical guides.

A proposed increase of \$7.4 million in education and technical assistance programs for 1992 will cover increased operating costs and provide sufficient resources for Extension Service to participate fully in designated projects initiated through 1991. New project starts are not proposed for 1992. Research funded under the initiative is now yielding information and EPA has completed a National well water survey. This information, coupled with experience gained in implementing the initial technical assistance programs, is the basis for stabilizing the directed programs at 1991 levels. Funds will continue to fully support projects in 74 hydrologic units and 16 demonstration sites initiated through 1991. Agencies will be reviewing plans and programs during 1991 to verify and formulate future priorities for education and technical assistance activities.

Financial Assistance. Cost-share programs will be offered to producers in the 90 designated hydrologic unit and demonstration project areas that were initiated in 1990 and 1991. Cost-share assistance in these areas is coupled with intensive education and technical assistance to encourage

MAJOR INITIATIVES

the adoption of environmentally sensitive practices and the achievement of area-wide improvement and protection of water quality. These projects are characterized by the interagency selection process, comprehensive planning and multi-year commitment of resources.

ACP special water quality projects will be continued. These projects focus on water quality problems identified by State and local water quality planning agencies. They are characterized by a shorter Federal funding commitments and higher ratios of cost-sharing to planning and technical assistance.

The Colorado River Basin Salinity Control Program cost-shares with landowners to enhance the quality and supply of water in the Colorado River by reducing the salt load for downstream users. Ongoing projects are located in Colorado, Nevada, Utah, and Wyoming.

Two new FACT Act authorities will be implemented. The Water Quality Incentives Program authorizes the Secretary to enter into agreements of 3 to 5 years with farm owners and operators to implement water quality water protection plans. The program features farm level planning, to be provided by SCS, that specifies the use of fertilizers, other crop nutrients, and pesticides, as well as management practices that are to be avoided, in order to achieve water quality goals. Participants will receive incentive payments designed to compensate for additional production costs and/or foregone production values. The 1992 proposal of \$5 million, to be funded with an appropriation through ACP, is for up front funding for approximately 100,000 acres in the program.

The FACT Act also provides specific authority to enroll land in the Conservation Reserve Program under water quality related criteria. The estimates reflect plans to use this authority beginning with the next CRP sign-up to enroll such areas as newly created sod waterways and filter strips, wellhead protection areas, and other areas to be determined in the program formulation process now underway.

Operational Programs. APHIS adopts less chemical intensive approaches to pest suppression and eradication when effective alternatives are available. Major programs include biological control and a grasshopper integrated pest management program.

MAJOR INITIATIVES

GLOBAL CHANGE

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Agricultural Research Service	\$1.1	\$5.1	\$9.1
Cooperative State Research Service	4.4	9.4	14.4
Economic Research Service	0.0	0.0	1.7
Forest Service	15.8	22.6	25.4
Soil Conservation Service	0.0	1.5	1.5
Total, Global Change	<u>\$21.3</u>	<u>\$38.6</u>	<u>\$52.1</u>

Agriculture, forestry and other human activities have long been forces of environmental change. Scientists are increasingly recognizing the implications of these human activities for global scale climate changes. Concern focuses on the increase in carbon dioxide and methane as a result of land clearing, livestock and rice production and other activities. At the same time, it is clear that changes in global climate will have significant implications for agriculture and forestry. Informed decisions which might significantly affect food and fiber production cannot be made until scientists better understand basic mechanisms at work in carbon and nutrient cycling, hydrologic cycles and soil formation.

As an integral component of the program plan of the Committee on Earth and Environmental Sciences, USDA is proposing a \$13.5 million increase in funding for global change research programs in 1992. Research funding is proposed for Federal scientists of ARS, ERS and the Forest Service and for competitive grants to universities to assure that a broad spectrum of expertise can be engaged in developing appropriate solutions to major issues identified in global change plans. Priorities for 1992 research include work to better understand the carbon cycle, development of basic hydrologic models to understand the effects of global change on water availability at local, watershed and regional levels and research to improve energy systems from biomass fuels. Forestry research will continue to emphasize forest ecosystem dynamics, with special emphasis on carbon cycle relationships. Forestry programs will also include monitoring to assess the effects of changes in atmospheric gases on forest health and productivity.

New programs in economic analysis will fund grants to universities through ERS and the Forest Service. The ERS programs will focus on improving understanding and predictive capability of agricultural production and land use, recognizing economic, farm management, and technological interactions with climate, water, and soil resources, both domestically and globally. The Forest Service program will focus on how global change will affect human activities, especially how human reactions to supply and demand of agricultural and renewable resources will affect forest, range and

MAJOR INITIATIVES

associated lands. Collection of soil and snow data by the Soil Conservation Service will continue to be an important input into understanding national implications of global change.

In addition to the directed global change programs described above, a number of other USDA research and data collection programs provide significant related inputs into better understanding and addressing global change issues. Included are soil and water research and survey programs and research which supports development of crop plants better able to withstand climate extremes. These important programs will be continued.

NATIONAL INITIATIVE FOR RESEARCH ON AGRICULTURE, FOOD AND ENVIRONMENT

Program Level
(Dollars in Millions)

Program	1991 Estimate	1992 Budget
Natural Resources and the Environment	\$14.0	\$23.0
Global Change	(9.4)	(9.4)
Water Quality	(4.6)	(4.6)
Nutrition, Food Quality and Health	4.0	13.0
Food Safety	(1.0)	(2.0)
Plant Systems	35.0	53.0
Plant Genome Mapping	(11.0)	(18.0)
Other Plant Systems	(24.0)	(35.0)
Animal Systems	20.0	30.0
Processes and New Products	0.0	4.0
Markets, Trade and Policy	0.0	2.0
Total, National Research Initiative	<u>73.0</u>	<u>125.0</u>
University Research Facility Competitive Grants	<u>0.0</u>	<u>25.0</u>
Total, NRI and Facility Grants	<u><u>\$73.0</u></u>	<u><u>\$150.0</u></u>

Advances in the biological sciences provide scientists with powerful new tools to address complex problems. Recognizing the opportunities to approach traditional and emerging problems facing producers of farm, ranch and forest products, USDA in 1991 proposed funding for a National Research Initiative. A 1989 report of the National Academy of Sciences outlines the background and basis for the initiative. Specific authorization for the NRI is included in the Food, Agriculture, Conservation and Trade Act of 1990. Congress provided \$73 million for 1991, the first year of the NRI.

Consistent with a commitment for annual increments of \$50 million outlined in the 1991 budget, USDA is proposing a total of \$125 million for the NRI. The higher funding level will provide for increases in ongoing categories of research and initiation of research into new uses for agricultural products and markets, trade and policy research. The Administration remains committed to annual increments of \$50 million provided that funds are appropriated on a non-earmarked basis.

In conjunction with enhanced funding for research grants, the budget recognizes the need for modern research facilities to permit the conduct of advanced research with a proposal to fund a competitive buildings and facilities program. USDA is proposing that \$25 million be made available to universities for renovation and construction of research facilities for agricultural and related sciences. Full matching of Federal grants with non-Federal funds will be required. The Administration is committed to annual increases for the facility program to maintain funding at 20 percent of the NRI research program, provided that funds are appropriated on a non-earmarked basis.

NRI subject areas are described below:

- o Natural Resources and the Environment. Research will be directed into areas that will enhance understanding of agricultural and natural resources management systems and protection of the environment. Included among the topics for research are water quality as outlined in the USDA Research Plan for Water Quality and global change work in coordination with the plan of the Committee on Earth and Environmental Sciences.
- o Nutrition, Food Quality and Health. Research will focus on the relationships of human health to diet and food safety and quality. Opportunities are available to design foods for optimal nutrition and safety. Advanced research methods can help understand microbiological contamination and human nutrition at the molecular and cellular levels.
- o Plant Systems. Developing a better understanding of basic plant functions offers the promise to address pest and disease problems through built-in defense mechanisms, provide improved biomass for energy production, increase forest productivity and develop more nutritious crop plants to improve human health. Included is second year funding of \$18 million to map the genomes--the genetic blueprints--of important crop plants. Genome maps will form the basis for enhanced genetic engineering of plants by identifying the locations of economically important genes on chromosomes. The Agricultural Research Service is the lead agency for the genome mapping program.
- o Animal Systems. Animal disease has long been an impediment to profitable livestock production. Nutritional concerns have driven consumer preferences for lower fat products. Proposed research will apply advanced research tools including genome mapping and

MAJOR INITIATIVES

genetic engineering to understand the mechanisms which control fat deposition, animal disease and reproduction, and use that knowledge to solve production and consumer issues.

- o Processes and New Products. Opportunities exist to develop new high value markets for agricultural commodities and to provide products which are less damaging to the environment. Proposed research will provide the basis for industrial development of value-added or new products.
- o Markets, Trade and Policy. A better understanding of international markets will help policymakers improve the competitiveness of U.S. agriculture. In addition to international market studies, research will investigate dietary patterns, rural community and economic development issues and review the impact of technology on the environment, people and communities.

INITIATIVE TO SUPPORT 1890 LAND-GRANT INSTITUTIONS AND TUSKEGEE UNIVERSITY

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Cooperative State Research Service:			
Evans-Allen Formula for 1890			
Institutions	\$25.0	\$26.3	\$27.3
Capacity Building Grants	5.4	8.3	11.0
Strengthening Grants	1.9	2.0	0.0
Other Programs, Grants to			
Historically Black Institutions	2.8	4.0	1.5
Subtotal	<u>35.1</u>	<u>40.6</u>	<u>39.8</u> a/
Extension Service:			
Formula Payments for Extension			
Services	21.8	23.1	27.0
Grants for Extension Facilities	9.4	9.5	9.5
Other Program, Grants to Other			
Historically Black Institutions	1.8	1.7	1.8
Subtotal	<u>33.0</u>	<u>34.3</u>	<u>38.3</u>
Other Agencies:			
Cooperative Research, Support of			
Agency Programs, Student			
Assistance and Recruiting	8.1	10.3	12.0
Total, 1890's	<u>\$76.2</u>	<u>\$85.2</u>	<u>\$90.1</u>

a/ Excludes funds within other proposed higher education programs which will also support minority expertise development.

MAJOR INITIATIVES

USDA in the 1990 budget launched an initiative to strengthen the historically black 1890 land-grant institutions and Tuskegee University. The institutions are a traditional source of under-represented minorities trained in the food, agricultural and natural resource sciences. A centerpiece of the initiative is the Capacity Building Grants program which provides competitive grants to enable these institutions to develop enhanced capacity to recruit, train and graduate high quality individuals. Matching from non-Federal sources is strongly encouraged in the initial years of the program, and results of the 1990 award process indicate a high degree of success in attracting matching funds. Funding for the program is increased to \$11 million in the proposed 1992 budget with a requirement for matching. Additional funds requested for the program more than offset the proposed elimination of the strengthening grants program. Other priority programs are increased to offset higher costs and funds are proposed for the final year of grants for Extension facilities.

RESEARCH AND EDUCATION

AGRICULTURAL RESEARCH SERVICE (ARS)

Program Level (Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
<u>Operations</u>			
Soil and Water Conservation	\$73.7	\$83.4	\$95.4
Plant Science	216.8	232.9	243.6
Animal Science	100.0	110.0	114.2
Commodity Conversion and Delivery	110.3	118.3	129.7
Human Nutrition	47.9	49.6	50.0
Integration of Systems	<u>12.1</u>	11.5	11.9
Subtotal, Research Programs	560.8	605.7	644.8
Repair and Maintenance	24.6	17.4	17.4
Contingency Research Fund	0.6	0.9	0.9
Trust Funds	<u>7.4</u>	7.5	7.5
Subtotal, ARS Operations	593.4	631.5	670.6
<u>Construction</u>			
Buildings and Facilities	<u>12.7</u>	41.0	46.1
Total, ARS	<u>\$606.1</u>	<u>\$672.5</u>	<u>\$716.7</u>

ARS conducts basic and applied research at Federal laboratories to solve problems encountered by agricultural producers and consumers of farm and ranch products. Broad areas of emphasis include efficient food and fiber production, groundwater and other natural resource concerns of agriculture, food safety, development of new products and uses for agricultural commodities and support of USDA regulatory and technical assistance programs. ARS is the lead Federal agency for human nutrition research and operates five major labs for this research. In total, ARS conducts research at 126 locations throughout the U.S. and abroad. Beltsville, Maryland is the site of the largest ARS center which is also the world's largest multi-disciplinary agricultural research facility.

Support for agricultural research remains a high priority in the Department as reflected in the \$39.1 million increase proposed for ARS research. Environmental and food safety issues are high priorities for strengthened research programs. Research in support of the President's water quality initiative is increased by \$4 million in the budget and a related \$1.5 million proposal will fund development of improved integrated pest management strategies. ARS will strengthen its global change research

program in coordination with the governmentwide plan for that work. Recognizing the need to pursue development of alternative energy sources, the budget proposes \$2 million for research to improve the conversion of biomass to alcohol fuels. The Department is committed to supporting science-based improvements in food safety and proposes a \$6 million increase in ARS research to address producer and consumer issues.

Pursuit of research opportunities with sophisticated advanced methods requires the availability of modern laboratories with capabilities not envisioned when most ARS buildings were constructed. Included in the 1992 budget is \$46.1 million to continue a facility modernization program at seven major ARS research locations.

Soil and Water Conservation. Development of a sound scientific basis to provide advanced technical assistance and education to producers to manage and conserve soil and water resources is an emphasis of this research program. Environmental concerns associated with farming and ranching continue to receive attention from the industry and the general public. Recent legislation, including the FACT Act and the Clean Water Act of 1987, highlight the need to conserve soil, protect water quality and preserve vital wetland habitats. Potential future climate changes add another dimension to farm and ranch management uncertainties. Increases for 1992 would build on water quality and global change programs conducted in close coordination with other Federal and State research agencies. In addition to gaining a better understanding of the fate and transport of chemicals through soils, ARS will develop improved management systems for areas adjacent to streams and ponds and systems using cover crops to eliminate nitrogen contamination of water. A cost-effective means to assess mutagenicity -- ability of compounds to cause significant genetic changes -- of groundwater contaminants will also be developed in support of the initiative.

As part of the governmentwide global change initiative, ARS proposes an additional \$4 million to develop hydrologic models to quantify the effects of global change at point, watershed and regional scales and to predict water availability under various climate change scenarios. Scientists will also pursue research to determine the agricultural contributions to global carbon emissions. Implementation of the Clean Air Act Amendments of 1990 is predicted to significantly increase the production of gypsum wastes as a by product of power plant pollution controls. Funds are proposed to develop, in cooperation with the electric power industry and others, crop management systems to incorporate these waste products as soil amendments.

Plant Science. Ongoing research addresses a wide range of crop production issues, including pest and disease resistance, maintenance and improvement of plant germplasm for increased production efficiency, and understanding basic plant development and function for long-term enhancements in crop production. Food processors and consumers are increasingly concerned about pesticide residues on food products. Use of crop protection chemicals remains an important factor in profitable farming systems, but there are opportunities to reduce the amount of chemicals used. A \$2.5 million increase is proposed to develop biologic pest controls and to develop and pilot-test improved integrated pest management strategies. Funds are also

proposed to accelerate the collection of data for reregistration of minor use chemicals important to production of fruits and vegetables.

Animal Science. Animal science research focuses on major livestock and poultry issues, including nutrition, genetics, reproduction, disease research and food quality and safety concerns. Modern animal production systems increasingly rely on confinement of large numbers of animals in feedlots or buildings. Disposal of wastes can become a significant health and environmental problem and can limit production efficiency. Development of appropriate management systems will permit integration of this source of plant nutrients into crop production systems in an environmentally sensitive manner. An increase of \$1 million is proposed for 1992 to pursue research opportunities in this area.

Commodity Conversion and Delivery. Research focuses on food safety and quality concerns, development of new food and industrial uses for agricultural commodities and elimination of barriers to export of commodities. Consumers, both domestic and foreign, are becoming more highly informed of food production and processing practices and concerned with the potential hazards associated with these products. As food production and processing practices change, regulators are faced with new challenges in assuring the safety of those products. Rapid means are needed to test for chemical residues and the presence of microbiological hazards. Producers need better management practices which can help prevent food borne hazards, including chemical residues, mycotoxins and microbiological contamination. A \$6 million increase is proposed to provide technology in these areas to improve food safety as part of the Department's initiative begun in 1991 (page 14).

Buildings and Facilities. Innovative research depends upon the availability of modern facilities to solve complex problems through the application of advanced research approaches. Many of the major facilities available to ARS researchers were constructed prior to 1960 and are functionally obsolete and in need of major modernization to correct health and safety code violations. A total of \$46.1 million is proposed for facility improvements at seven priority ARS locations.

- o Riverside, California (\$10.3 million) - replacement salinity lab.
- o Ft. Collins, Colorado (\$1.8 million) - funding to complete seed storage lab.
- o Athens, Georgia (\$0.4 million) - planning for poultry lab addition.
- o New Orleans, Louisiana (\$2.6 million) - first phase of chemical wing modernization at Southern Regional Research Lab.
- o Beltsville, Maryland (\$20 million) - continued funding for modernization consistent with major facility study. Includes \$12 million for construction of plant sciences complex under design with 1991 funds.

RESEARCH AND EDUCATION

- o Plum Island, New York (\$6 million) - first phase of animal disease facility modernization. An additional \$3.5 million is included in the APHIS budget.
- o Yakima, Washington (\$5.1 million) - replacement fruit and vegetable lab.

COOPERATIVE STATE RESEARCH SERVICE (CSRS)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Hatch Act Formula	\$155.1	\$162.3	\$168.3
1890 Colleges and Tuskegee Formula ...	25.0	26.3	27.3
1890 Capacity Building Grants	5.4	8.3	11.0
Cooperative Forestry Formula	17.3	17.8	13.0
Special Research Grants	56.3	62.4	26.7
Critical Ag. Materials Act	5.3	0.8	0.0
Competitive Research Grants	42.5	<u>a/</u>	<u>a/</u>
National Research Initiative:			
Natural Resources & Environment	0.0	14.0	23.0
Plant Systems	0.0	35.0	53.0
Animal Systems	0.0	20.0	30.0
Nutrition, Food Quality & Health ...	0.0	4.0	13.0
Processes and New Products	0.0	0.0	4.0
Markets, Trade and Policy	0.0	0.0	2.0
Subtotal	<u>0.0</u>	<u>73.0</u>	<u>125.0</u>
Animal Health and Disease Formula (Sec. 1433)	5.4	5.6	0.0
Aquaculture Research Centers	3.7	3.8	0.0
Alternative Crops Research	0.3	1.2	0.9
International Trade Centers	3.1	3.2	0.0
Sustainable Agriculture	4.4	6.7	4.5
Fed. Administration (direct approp.) .	8.2	9.6	2.0
Higher Education	5.7	7.5	5.5
Morrill-Nelson Higher Education Grants	2.8	2.8	0.0
Subtotal	<u>340.5</u>	<u>391.3</u>	<u>384.2</u>
Buildings and Facilities	<u>45.1</u>	<u>62.9</u>	<u>25.0</u>
Total, CSRS	<u>\$385.6</u>	<u>\$454.2</u>	<u>\$409.2</u>

a/ Incorporated within National Research Initiative.

Federally-funded agricultural research conducted in partnership with the State Agricultural Experiment Stations (SAES) is administered through the Cooperative State Research Service. CSRS provides funds through formula distributions to the SAES through the Hatch Act, cooperative forestry and animal health and disease programs, and to other eligible institutions for forestry and animal health research. Evans-Allen formula funds support research at the 1890 Colleges and Tuskegee University, the historically black land-grant schools. CSRS also operates competitive grant programs to fund scientifically meritorious research at universities, Federal labs, private organizations and other institutions.

In addition to increased funding for the formula grant programs, a significant feature of the 1992 CSRS budget is the National Research Initiative (NRI). The proposed \$52 million increase for the NRI will provide funds to increase ongoing programs and initiate new programs in research on new uses for agricultural products and markets, trade and policy research. Recognizing a need for modern research facilities, the budget proposes a \$25 million competitive program to fund, on a matching basis, renovation and construction of university research facilities. The Administration remains committed to \$50 million annual increases in funding for the NRI and is further committed to increase the facility program to maintain facility funding at 20 percent of the NRI funding level. Both commitments to future increases are contingent upon Congressional action to provide the funds without earmarking.

Hatch, 1890 Colleges and Cooperative Forestry Formulas. These programs provide non-earmarked funding for research in food and agricultural sciences and forestry. On a nationwide basis, Hatch Act formula funds represent roughly 10 percent of the research funding at State agricultural experiment stations and formula funds provide nearly 100 percent of the research funding at the 1890 Colleges and Tuskegee University. Increases are proposed for Hatch and 1890 Colleges formula programs to offset increased costs experienced in these research programs. A reduction in funding for the cooperative forestry program will be offset by increased funds for natural resources research under the NRI.

National Research Initiative. Recent developments have added complex new challenges to the list of concerns long faced by agricultural producers. Environmental concerns ranging from consumer interest in pesticide use and agriculture as a possible source of nonpoint source pollution to the possibility of global climate changes face producers and processors of agricultural products. Revolutionary developments in the biological sciences have equipped scientists with powerful new tools to solve these traditional and emerging challenges. Increased funding is proposed for the second year of the NRI to fund the most highly meritorious research proposals in six categories. The proposed higher funding level will permit an increase from \$11 million in 1991 to \$18 million in 1992 for a program to map the economically important crop plant genomes. ARS will continue to have lead responsibility for management of the genome program in conjunction with funding available in the ARS budget for genome research.

Capacity Building Grants (1890 Institutions). Capacity Building Grants are awarded on a competitive basis to 1890 Colleges and Tuskegee University to support improvements in teaching programs and enhance the ability of these schools to conduct advanced research. Matching from non-Federal funding sources is strongly encouraged and institutions have been successful in obtaining matching funds. Participation of a USDA agency to assure relevance of the work to USDA programs and recruitment needs is a requirement.

Special Research Grants. Special Research Grants fund research on focused problem areas at land-grant universities and related institutions. Funding is proposed for seven National priority special grants.

- o Global Change (\$5 million) - new program to fund development of an ultraviolet-B monitoring network (\$3 million) and research on biomass fuels from agriculture (\$1 million) and methane sources (\$1 million).
- o Integrated Pest Management (\$5 million) - increased funding for development of improved integrated pest management production systems.
- o Minor Use Animal Drugs (\$429,000) - continued funding for clearance of drugs to treat less common diseases and to assist production of less frequently produced (minor) animal species.
- o National Biological Impact Assessment Program (\$300,000) - continued funding for program to monitor impact of biotechnology.
- o Pesticide Clearance (\$3 million) - continued funding for data gathering to reregister minor use pesticides.
- o Pesticide Impact Assessment (\$3 million) - continued funding for benefits data gathering and analysis for EPA reregistrations.
- o Water Quality (\$10 million) - increased funding for university research as part of USDA water quality program consistent with the USDA Research Plan for Water Quality.

Sustainable Agriculture. Environmental and profitability concerns have led many producers to examine alternative management systems which require the use of fewer purchased inputs. There is a need to provide additional scientific research to support adoption of these management practices in a wide variety of climate, soil and crop settings. Funds are proposed to support a program in all regions of the country which involves farmers and other interested parties in determining program priorities and grant awards. Sustainable agriculture research is also conducted through the State agricultural experiment stations and the Agricultural Research Service.

Higher Education. Funds are proposed to continue the successful graduate training program to develop high quality expertise in the food and agricultural sciences. At the \$4.0 million level, about 72 doctoral

fellows would be supported. A competitive institution challenge grants program initiated in 1990 would be funded at \$1.5 million with a continued requirement for matching with non-Federal funds. Funds are available to support improvements in teaching programs and faculty development in the food and agricultural sciences. Both of these higher education programs encourage increased participation of minorities in the agricultural sciences.

Buildings and Facilities. Application of advanced research techniques to the solution of complex problems requires modern scientific facilities. Laboratory resources available at many universities do not meet requirements for modern research. Proposed increases in funding for the NRI can produce the greatest benefits if modern facilities are available to scientists. Recognizing a role for Federal participation in university facility construction, the 1992 budget proposes a new program of competitive grants for renovation and construction of facilities for agricultural sciences and related fields. Grants will require full matching from non-Federal sources. The Administration is committed to future increases to maintain the facility program at a level equal to 20 percent of the NRI, provided funds are appropriated on a non-earmarked basis.

RESEARCH AND EDUCATION

EXTENSION SERVICE (ES)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
General Formula Programs:			
Smith-Lever 3(b&c)	\$242.3	\$252.6	\$262.1
1890 Colleges & Tuskegee University	21.8	22.8	27.0
D.C. Extension	1.0	1.0	1.0
Subtotal	265.1	276.4	290.1
Smith-Lever Section 3d Programs:			
National Interest Programs:			
Water Quality	5.2	10.4	15.5
Youth at Risk	0.0	7.5	15.0
Food Safety	0.0	1.5	2.0
Low Income Nutrition (EFNEP)	58.2	60.5	58.6
Pest Management	7.1	7.4	10.0
Pesticide Impact Assessment	2.6	3.2	3.6
Other Earmarked Programs:			
Farm Safety	1.0	2.0	0.0
Urban Gardening	3.5	3.6	0.0
Financial Management	1.4	0.0	0.0
Indian Reservation Agents	0.0	1.0	0.0
Rural Development Centers	0.9	0.9	0.0
Subtotal	80.0	98.0	104.7
1890 Extension Facilities	9.4	9.5	9.5
Renewable Resources Extension	2.7	2.8	0.0
Disadvantaged Farm Assist. (Sec. 1440)	3.3	2.6	0.0
Federal Admin. (direct approp.)	8.7	9.2	6.5
Total, ES	<u>\$369.2</u>	<u>\$398.5</u>	<u>\$410.8</u>

The Extension Service provides National leadership and coordination for the planning and support of education and technology transfer programs which are carried out in partnership with the States. Extension programs assist individuals and communities in identifying and solving farm, home and local problems through the application of information developed by USDA and the land-grant universities. Federal funds, which provide about one-third of Cooperative Extension funding nationwide, are distributed to the States by statutory formula and on a merit-basis.

Smith-Lever 3(b&c), 1890 Colleges and D.C. Extension Programs. Formula programs provide non-designated support for education and technology transfer programs conducted through the State Cooperative Extension Services. Programs conducted through the 1890 Colleges and Tuskegee University generally focus on small-scale and limited resource producers. Increases proposed for the formula programs in 1992 would offset higher costs experienced in these programs. Programs at the 1890's will be further enhanced to address National concerns including youth at risk, drug abuse, nutrition and health problems of limited resource families and sustainability of limited resource farmers. Funding of \$9.5 million is proposed as the final year of a five year program to upgrade Extension facilities available at the 1890 institutions.

National Interest Programs. The extension system has conducted a national planning effort in recent years to identify high priority issues for extension emphasis. Funds are proposed to focus on designated National issues through directed and merit-based grants. An expanded Extension role in water quality education, consistent with plans for water quality programs under a governmentwide initiative, is reflected in the proposed \$15.5 million program for 1992. Funds would continue to support sixteen demonstration projects and 74 hydrologic units started in 1990 and 1991 in conjunction with the Soil Conservation Service. Funds would also support additional training for State extension professionals to better enable those agencies to interpret and transfer results of water quality research programs.

A \$15 million budget is proposed to expand the Extension youth-at-risk program initiated in 1991. Funds are used to finance Extension participation in comprehensive prevention/intervention projects in specific communities or neighborhoods with serious risk factors such as poverty, high incidence of drug use, teen pregnancy, and welfare dependence. Projects are selected through a merit-based process and include community-based organizations and local as well as other non-Federal sources of funding. Commitments are made to sustain the projects over a period of years, and there is a commitment to evaluation as the program proceeds. Funds will also support training for extension staff and volunteers to enhance capabilities to address youth issues.

Growing public awareness and interest in chemical residues, microbial contamination and other food safety issues has increased the demand for science-based information on the part of consumers, processors and producers of food products. Expanded research programs are developing improved production and processing techniques which can limit potential food safety concerns without sacrificing profitability. Extension proposes \$2 million to increase a food safety education program started in 1991 to inform producers and others in the food chain of means to avoid residues, microbiological contamination and other food-borne hazards. Increased funding for pest management will allow extension to expand efforts to include education on integrated pest management systems for fruit and vegetable producers.

RESEARCH AND EDUCATION

Ongoing programs in pesticide impact assessment and low income nutrition education (EFNEP) are continued in the proposed budget. Extension continues to implement program improvements which allow more efficient delivery of EFNEP education. Funds for lower priority earmarked programs, including urban gardening, farm safety and financial management are not proposed in the budget.

NATIONAL AGRICULTURAL LIBRARY (NAL)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
National Agricultural Library	\$14.7	\$16.8	\$17.5

The National Agricultural Library collects and develops information on agriculture and related sciences and provides information assistance to scientists, specialists, managers, farmers, and the general public. NAL coordinates with public and private institutions in collection development, indexing and cataloging material pertaining to agricultural and related sciences. Several information centers, each focusing on a particular subject area, have been established to enhance the quality and quantity of information services. In addition to providing traditional library services, NAL is serving a wider audience by using modern electronic information dissemination technology to provide wider access to the world's agricultural literature.

Development of a network of libraries with agriculture and related collections will allow NAL to stretch limited resources further by reducing duplication in a range of library functions. NAL will cooperate with other libraries in collection development and development of coordinated plans for cataloging, indexing, technological advancements for the storage of agricultural information, including easy access, retrieval and delivery of information, and other basic library services. A \$200 thousand increase in 1992 is proposed to continue the expansion and improvement of this information exchange network. In addition, funds are proposed for pay increases and to address priority maintenance requirements at the Library's Beltsville facility.

COMMODITY PROGRAMS

COMMODITY CREDIT CORPORATION (CCC)

Commodity price support programs are financed through the Commodity Credit Corporation (CCC). The CCC borrows funds from the U.S. Treasury and repays these borrowings, with interest, from receipts and from appropriations provided by Congress. The CCC outstanding borrowings from Treasury may not exceed \$30 billion. Outlays for any fiscal year generally relate to the previous crop year; i.e., fiscal year 1991 outlays relate to the 1990 crop, and fiscal year 1992 outlays primarily relate to the 1991 crop.

CCC net outlays are difficult to predict accurately since they are heavily influenced by weather, foreign markets, and other uncertain events affecting commodity supply, demand, and prices during the nearly two-year period after the preparation of the initial January budget estimate.

Two laws enacted in 1990 will have significant impacts on both farm policy and on budgetary outlays for 1991-1995. These are the FACT Act, and the OBRA. Farm policy changes come primarily from provisions of the FACT Act, while budget savings mechanisms are found primarily in the OBRA. A third law, the Clean Air Act Amendments of 1990, will reduce outlays primarily in 1994 and 1995 by creating additional demand and higher prices for corn for use in ethanol production.

Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act). The FACT Act, signed into law on November 28, 1990, provides the basis for a continuation and expansion of the market-oriented policies of the Food Security Act of 1985 which expired with the 1990 crops. Several new provisions in the FACT Act will affect farmers' planting decisions, commodity supply and demand, and in turn CCC outlays.

The most significant new commodity program is planting flexibility. In general, planting flexibility allows producers to plant specified commodities, other than the program crop, on up to 25 percent of the base for that program crop without suffering a reduction in the crop acreage base. The producer must give up deficiency payments on acreage devoted to other crops under planting flexibility, but program crops produced on flexed acreage are still eligible for the loans, purchases, or loan deficiency payments. The flexibility program provides the basis for more market-oriented planting decisions by farmers. However, because producers must give up deficiency payments, the planting decisions still depend on a comparison of net returns, including program benefits, with market returns for the alternative crop.

A marketing loan program for soybeans and other oilseeds is included in the FACT Act. This provision is intended to increase the competitiveness of oilseeds for acreage. The loan level for soybeans is not less than \$5.02 per bushel for the 1991-1995 crops, \$0.52 higher than the 1990 loan rate. The loan rate for other oilseeds (sunflower seed, canola, rapeseed, safflower, flaxseed, mustard seed, and other oilseeds as determined by the Secretary) is to be not less than \$0.089 per pound. Repayment rates are to

COMMODITY PROGRAMS

be set no higher than the loan rates and may be set at the world price as determined by the Secretary or at a level that will minimize loan forfeitures and maintain free and competitive marketing of oilseeds both domestically and internationally.

The FACT Act establishes maximum acreage reduction (ARP) levels of 20 percent for wheat and feed grains (except oats which is established at zero ARP for the 1991 through 1995 crops), 25 percent for upland cotton, and 35 percent for rice. The level will be determined by stocks-to-use criteria established for each crop.

As in prior farm legislation, the FACT Act authorizes nonrecourse loans as the main price support mechanism for wheat, feedgrains, cotton, and rice. Target prices continue to provide income support. Under the FACT Act, loan rates for wheat, feed grains, and rice are calculated at 85 percent of the previous five-year average of farm prices excluding the high and the low. For wheat and feed grains, reductions can be made from the calculated rate depending on stocks-to-use ratios and on the Secretary's determination that a reduction is necessary to maintain competitiveness. Target prices in the FACT Act are frozen at the 1990 levels. Marketing loans are retained for rice and upland cotton.

The Omnibus Budget Reconciliation Act of 1990 (OBRA). The Omnibus Budget Reconciliation Act of 1990 was signed into law on November 5, 1990, and is the primary source of budget savings in agricultural programs for 1991-1995. Savings are achieved largely through a 15 percent reduction in acres eligible for farm program payments. While the main intent is to achieve a reduction in CCC outlays, an additional effect is to create a more market-oriented environment for making planting decisions on a portion of crop acreage. Although the FACT Act introduced a measure of flexibility in farmers' planting decisions by permitting alternative crops on up to 25 percent of the base acreage, farmers still had to consider program benefits. With the 15 percent payment base reduction required by the OBRA, program benefits on the 15 percent of the base eliminated from payments eligibility no longer are part of the decision.

The OBRA also provides for loan origination fees and marketing assessments for oilseeds and other non-program crops and for milk. Producers who place oilseeds under loan will pay a fee equal to two percent of the value of the loan. Dairy producers will have their sales receipts reduced by five cents per hundredweight in calendar year 1991, and handlers will remit the reduction to CCC. For calendar years 1992 through 1995, the reduction will be 11.25 cents per hundredweight. Peanut producers and handlers will share in a one percent assessment against all peanuts produced based on the quota loan rate. Sugarcane and sugar beet producers, through processors, will pay an assessment of one percent of the loan rate for raw cane sugar on all sugar processed. Honey producers will remit to CCC an assessment of one percent of the loan rate on all honey extracted and marketed through handlers.

Wool and mohair producers will have their incentive payments reduced by one percent. Tobacco producers and buyers will share an assessment of one percent of the support rates against all tobacco produced of the types receiving price support.

CCC Program Costs. Outlays for the farm price and income support programs carried out for crop year 1990 reflect the provisions of the Food Security Act of 1985. Outlays for the 1991-1995 crops reflect the provisions of the FACT Act and OBRA. Outlays for the period 1991-1995 are estimated at \$49.3 billion based on November 1990 supply and demand conditions. This estimate is approximately \$13 billion lower than it otherwise would have been under a continuation of the Food Security Act of 1985 based on the updated baseline. These outlay reductions, together with reductions in loan programs, make up the bulk of the reductions achieved in agriculture under OBRA.

CCC net outlays for price support and related activities for 1990 totalled \$6.5 billion. This was the lowest level of CCC outlays since 1981 and reflected the effects of drought on wheat production. Compared to 1989, CCC net outlays for 1990 were down \$4 billion, and were down over \$19 billion compared to the record outlay level of \$25.8 billion for 1986.

Outlays for 1991 are projected to increase to \$10.8 billion, reflecting a return to more favorable weather and lower prices, particularly for wheat. Outlays for 1992 are projected to be \$11.0 billion, up slightly from 1991. This outlay estimate fully reflects the effects of the FACT Act and OBRA. Together, these two pieces of legislation are estimated to account for budget savings of approximately \$2 billion for 1992 compared with what would have occurred under a continuation of the Food Security Act of 1985.

The Administration's Budget also includes a governmentwide initiative to target scarce federal resources more closely. The initiative would include restrictions on the eligibility for farm program payments to individuals with high non-farm earnings. It is expected that \$36 million could be saved from this initiative.

COMMODITY PROGRAMS

Analysis of CCC Program and Outlay Levels (Dollars in Millions)

Program	Program Levels		Net Outlays	
	FY 1991	FY 1992	FY 1991	FY 1992
Domestic Programs:				
Price Support Loans	\$6,279	\$7,564	\$201	\$458
Direct Payments	6,229	6,597	6,229	6,597
Purchases and Sales	1,155	1,117	381	512
Producer Storage Payments	26	0	26	0
Processing, Storage, and Transportation	305	202	305	202
Operating Expenses	723	776	721	773
Interest Expenditure	963	813	604	480
Disaster Assistance <u>a/</u>	91	0	91	0
All Other	490	305	1,029	1,004
Subtotal	16,261	17,374	9,587	10,026
Export Programs:				
Export Credit:				
Export Credit Guarantees	5,500	5,500	1,093	851
Credit Guarantees for Emerging Democracies	200	200	0	0
Direct Loans	0	0	-4	-3
Market Promotion Program	200	200	160	200
Export Enhancement Program	900	1,200	0	0
General Sales Manager	8	5 b/	8	5 b/
Subtotal	6,808	7,105	1,257	1,053
Subtotal, CCC Current Law	23,069	24,479	10,844	11,079
Budget Savings	0	0	0	-36
Total, CCC Programs	\$23,069	\$24,479	\$10,844	\$11,043

a/ Includes \$5.0 million for crop disaster payments under the Disaster Assistance Acts of 1988 and 1989, \$84.0 million for livestock feed assistance, and \$2.0 million for the Tree Assistance Program (TAP).

b/ Excludes \$4.0 million which will be transferred from the Export Guarantee and P.L. 480 Loan Program Accounts.

COMMODITY PROGRAMS

CCC Net Program Outlays by Commodity (Dollars in Millions)

Commodity	Fiscal Years				
	1988	1989	1990	1991	1992
Feed Grains	\$9,053	\$3,384	\$2,721	\$2,734	\$3,073
Wheat	678	53	806	2,647	2,519
Rice	128	631	667	818	775
Cotton, Upland	666	1,461	-79	389	823
Tobacco	-453	-367	-307	-217	-85
Dairy	1,295	679	505	665	392
Soybeans	-1,676	-86	5	22	-21
Honey	100	42	47	46	25
Wool	131	93	104	175	175
Disaster Assistance	0	3,919 ^{a/}	161 ^{b/c/}	91 ^{c/}	0
Other	<u>2,539</u>	<u>714</u>	<u>1,841</u>	<u>3,474</u>	<u>3,403</u>
Subtotal					
Current Law	12,461	10,523	6,471	10,844	11,079
Budget Savings	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>-36</u>
Total, CCC	<u><u>\$12,461</u></u>	<u><u>\$10,523</u></u>	<u><u>\$6,471</u></u>	<u><u>\$10,844</u></u>	<u><u>\$11,043</u></u>

- a/ Includes \$3.4 billion for crop disaster payments made in cash under the Disaster Assistance Act of 1988 and \$0.5 billion in livestock feed assistance.
- b/ About \$1.5 billion in benefits to farmers under the Disaster Assistance Act of 1989 were paid in generic certificates and are not counted directly as disaster assistance outlays. Instead, outlays arising from the issuance of certificates are recorded in the individual commodity programs.
- c/ Includes crop disaster payments of approximately \$5 million in cash, with the remainder mostly for assistance for livestock producers.

INTERNATIONAL PROGRAMS

INTERNATIONAL PROGRAMS

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Export Credit:			
Short-Term Guarantees (GSM-102)	\$3,964.4	\$5,000.0	\$5,000.0
Intermediate-Term Guarantees (GSM-103)	332.1	500.0	500.0
Emerging Democracies	0.0	200.0	200.0
Export Enhancement Program	311.7	900.0	1,200.0
General Sales Manager	7.4	7.8	9.1
P.L. 480	1,520.5	1,576.0	1,400.0
Foreign Agricultural Service	101.1	105.5	109.5
Market Promotion Program/ Targeted Export Assistance	200.0	200.0	200.0
Office of International Cooperation and Development	<u>36.8</u>	<u>41.9</u>	<u>40.6</u>
Total, International Programs	<u>\$6,474.0</u>	<u>\$8,531.2</u>	<u>\$8,659.2</u>

COMMERCIAL EXPORT PROGRAMS

The Department carries out a variety of commercial export programs, among the most important of which are the export credit guarantee programs and the Export Enhancement Program (EEP). These programs are administered by the Office of the General Sales Manager (OGSM).

Under the EEP, CCC commodity certificates are made available to U.S. exporters as bonuses to enable them to be price competitive in targeted overseas markets where competitor countries are making subsidized sales of agricultural commodities. The program serves to further U.S. trade policy strategy and objectives.

The budget assumes a program level for EEP of \$900 million for 1991 and \$1.2 billion for 1992. These levels are consistent with the Department's November 1990 supply/demand projections which have been used to develop the CCC budget estimates.

However, a provision of the Rural Development, Agriculture, and Related Agencies Appropriations Act for 1991 has placed a limitation of \$425 million on EEP bonuses to be awarded during 1991. In order to

maximize U.S. export levels and to further U.S. trade policy objectives, proposed supplemental appropriations language is being submitted to Congress to remove the limitation on EEP bonus awards. Adoption of this provision is not expected to result in higher CCC net outlays, since any costs associated with issuing additional EEP certificates will be offset by reduced price and income support costs resulting from increased exports.

Under the export credit programs, guarantees are provided by CCC for the repayment of commercial credit extended to finance U.S. agricultural exports. During 1992, a total program level of \$5.7 billion has been established for the CCC credit guarantee programs. This includes \$5.0 billion to be made available under the GSM-102 program, which provides guarantees on export credit with short-term repayment terms (6 months to 3 years), and \$500 million to be made available under the GSM-103 program, which provides Intermediate-term credit guarantees (3 to 10-year repayment terms). These levels are consistent with requirements of the FACT Act.

An additional \$200 million of credit guarantees will be made available by CCC during 1992 to promote the export of U.S. agricultural products to emerging democracies. As provided in the FACT Act, these may be made available as GSM-102 or GSM-103 export credit guarantees or as guarantees for financing improvements in marketing, storage, and distribution facilities for imported agricultural products. The FACT Act requires that \$1.0 billion of guarantees be made available to emerging democracies during the 1991 to 1995 period; the budget assumes this requirement will be met by making \$200 million of guarantees available for this purpose during each of these years.

OBRA requires that the cost of credit programs be calculated and presented differently. Under credit reform procedures, budget authority and outlays reflect an estimate of the net present value of program costs over the life of the loan. These subsidy costs include interest subsidy, and the costs of delinquency and default. Program budget authority also includes separately the annual cost of administering all existing and new loans. Total subsidy costs for the CCC Export Credit Guarantee Programs for 1992 are estimated to be \$156 million. Administrative funding for export credit guarantees in 1992 is estimated to be \$3 million.

The budget provides a program level of \$9.1 million for OGSM, an increase of \$1.3 million from 1991. This increase will be used to implement an ADP acquisition program, Augmentation 2000, which is being undertaken in conjunction with FAS and to meet higher salary costs for 1991 and 1992.

INTERNATIONAL PROGRAMS

P.L. 480 FOOD AID PROGRAMS

**Program Levels
(Dollars in Millions)**

Program Activities	1990 Actual		1991 Current Estimate		1992 Budget	
	Amount	MMT	Amount	MMT	Amount	MMT
Title I Sales	\$789.4	4.2	\$511.5	2.8	\$463.8	2.5
Title II Donations	731.1	2.1	696.0	2.0	627.0	2.0
Title III Grants .	0.0	0.0	368.5	1.8	309.2	1.4
Total, P.L. 480	<u>\$1,520.5</u>	<u>6.3</u>	<u>\$1,576.0</u>	<u>6.6</u>	<u>\$1,400.0</u>	<u>5.9</u>

MMT represents million metric tons.

The P.L. 480 program is the primary means by which the United States provides foreign food assistance. The FACT Act has authorized major changes in the program's structure and operations, which became effective January 1, 1991.

Title I of P.L. 480 continues to provide for sales of U.S. agricultural commodities through long-term concessional CCC financing. In addition, discretionary authority is provided for the U.S. Government to receive payment for the commodities in local currencies and for the currencies to be used in support of various market development, agricultural development, and research activities. Responsibility for implementation of the Title I program is assigned to the Secretary of Agriculture.

The Title II donations program has also been reauthorized. Under Title II, food commodities are made available for distribution overseas by recipient country governments in response to emergency conditions, or by private voluntary agencies and international organizations, including the World Food Program. The FACT Act provides for financial assistance to be provided to private voluntary agencies and cooperatives to support their food aid activities in the recipient countries. Implementation of the Title II program is assigned to the Administrator of the Agency for International Development (AID).

A new Title III Food for Development Program is authorized by the FACT Act. It provides for food assistance to be provided on a grant basis to least developed countries through government-to-government agreements. Sales proceeds derived from the sale of the commodities on the local market may be used to support a variety of economic development and related activities in the recipient countries. Responsibility for implementing the Title III program is also assigned to the Administrator of AID.

INTERNATIONAL PROGRAMS

The budget provides a total program level of \$1.4 billion for P.L. 480 food assistance for 1992. Total P.L. 480 commodity shipments during 1992 are projected at 5.9 million metric tons, a reduction of 700,000 metric tons from the level currently estimated for 1991. Actual tonnages shipped will depend upon commodity prices and shipping costs during 1992.

OBRA requires that the cost of credit programs be calculated and presented differently. Under credit reform procedures, budget authority and outlays reflect an estimate of the net present value of program costs over the life of the loan. These subsidy costs include interest subsidy, and the costs of delinquency and default. Program budget authority also includes separately the annual cost of administering all existing and new loans. Total subsidy costs for the P.L. 480 Title I credit program for 1992 are estimated to be \$317 million. Administrative funding for P.L. 480 in 1992 is estimated to be \$2 million.

FOREIGN AGRICULTURAL SERVICE (FAS)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Foreign Agricultural Affairs	\$32.6	\$32.8	\$34.3
Foreign Market Information and Access	15.4	16.5	18.6
Foreign Market Development	53.1	56.2	56.6
Total, FAS	<u>\$101.1</u>	<u>\$105.5</u>	<u>\$109.5</u>

The Foreign Agricultural Service has primary responsibility for the expansion and maintenance of foreign export markets for U.S. agricultural products. Functions of the agency include collection of foreign market information regarding agricultural production and trade, development of foreign markets for U.S. agricultural products, and representation of U.S. agricultural interests abroad.

A program level of \$109.5 million is proposed for FAS, an increase of \$4.0 million above the 1991 level. The proposed increase includes funding to implement an ADP hardware acquisition program, Augmentation 2000, which is designed to meet the agency's administrative ADP requirements to the year 2000, and funding to meet higher salary costs for 1991 and 1992.

The budget also provides increased funding to meet higher operating costs projected for the agency's overseas offices. To carry out its reporting, representation, and market development activities, FAS maintains 60 counselor and attache posts, located in U.S. embassies and consulates, and 14 Agricultural Trade Offices which provide market development and trade

INTERNATIONAL PROGRAMS

promotion services. Overseas operating costs are expected to be higher in 1992 as a result of increased wage rates and prices in the countries where the offices are located.

The budget provides for continuation of the foreign market development programs administered by FAS at current levels. These include the Foreign Market Development Cooperator Program and the Market Promotion Program (MPP). The MPP is authorized by the FACT Act as a successor to the Targeted Export Assistance Program. Provisions of the FACT Act require an annual program level for MPP of not less than \$200 million through 1995.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT (OICD)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
International Scientific and Technical Cooperation	\$3.6	\$4.2	\$4.1
International Agricultural Development	1.9	2.2	2.0
Operation FAST	0.5	0.5	0.6
Foreign Currency Research Program	0.9	1.1	0.0
Trust Funds	2.7	3.9	3.9
Subtotal Direct Programs	9.6	11.9	10.6
Reimbursements from AID and Other Organizations	<u>27.2</u>	<u>30.0</u>	<u>30.0</u>
Total, OICD	<u><u>\$36.8</u></u>	<u><u>\$41.9</u></u>	<u><u>\$40.6</u></u>

The Office of International Cooperation and Development is responsible for cooperative international research, scientific and technical exchanges, and liaison with international agricultural organizations. OICD also directs training and technical assistance efforts in as many as 80 developing countries.

The budget provides a total program level of \$40.6 million for OICD during 1992. This includes \$10.6 million in direct program funding and \$30.0 million for technical assistance, training, and research activities which are funded through reimbursable agreements with the Agency for International Development and other organizations.

Included in the 1992 request is funding of \$1.5 million for the Middle-Income Country Training Program. This program provides training in the United States for agricultural specialists and managers from middle-income countries and the emerging democracies. Funding is also requested to continue Operation FAST -- OICD's Financial Accounting and Systems Tracking Plan. This is a multi-year effort which has been instrumental in improving the agency's financial management capabilities.

INTERNATIONAL PROGRAMS

No further funding is proposed for OICD's Foreign Currency Research Program. This program, which is funded at \$1.1 million in 1991, supports cooperative agricultural research in other countries with U.S.-owned foreign currencies. While no additional funding is requested for 1992, research projects currently underway will continue until completion.

SOIL AND WATER CONSERVATION PROGRAMS

SOIL CONSERVATION SERVICE (SCS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Conservation Technical Assistance	\$396.8	\$426.2	\$502.3
Other Conservation Operations:			
Soil Surveys	68.0	69.8	72.5
Snow Surveys	5.4	5.6	5.7
Plant Materials Centers	7.2	7.9	8.1
Watershed Planning	8.8	9.2	7.3
Watershed and Flood Prevention Operations	255.9	175.7	152.9
River Basin Surveys and Investigations	12.3	12.8	11.0
Great Plains Conservation Program	20.9	24.6	25.3
Resource Conservation and Development	27.2	29.9	23.6
Trust Funds	1.0	0.6	0.6
Total, SCS	<u>\$803.5</u>	<u>\$762.3</u>	<u>\$809.3</u>

The mission of the Soil Conservation Service is to improve and conserve soil and water resource quantity and quality, improve agriculture, and reduce damage caused by floods and sedimentation. SCS provides technical assistance through soil conservation districts to land users, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems. In addition, SCS provides cost-sharing financial assistance through the Watershed and Flood Prevention Operations, Great Plains Conservation, and Resource Conservation and Development programs.

At the 1992 budget level of \$809.3 million, SCS will continue to place top priority on continuing its ongoing implementation of the conservation provisions of the FSA of 1985 as well as meeting the new requirements of the FACT Act. This level of funding will also allow continued support for the Administration goals for enhancing water quality and preserving wetlands.

Conservation Technical Assistance (CTA). The 1992 budget includes \$502.3 million for conservation technical assistance. This would provide \$26.1 million for increased pay costs as well as an additional \$35 million and about 668 staff years to help farmers and ranchers meet the 1985 FSA requirements by the December 31, 1994 deadline. The planning deadline for FSA conservation compliance has been met, and efforts to install these plans are now underway. The CTA budget also includes an increase of \$15 million to purchase additional hardware and software with the eventual goal

of automating all SCS field offices. The move to full automation will improve SCS productivity in the field which is critically needed in order to handle the FSA workload requirements.

Continued implementation of the Administration's water quality initiative is another high SCS priority. The water quality initiative began with an endorsement by Congress in 1990 and will continue in 1992. Technical assistance and education programs will be offered by SCS and the Extension Service in those project areas begun in 1990 and 1991. The budget for CTA in 1992 includes \$45.6 million for this effort (page 16).

The FACT Act strengthens the conservation compliance provisions of the 1985 FSA by extending conservation compliance to highly erodible land (HEL) on set-aside acres, and by prohibiting producers who put land into new CRP contracts from bringing any newly purchased HEL into production. The Act also strengthens the swambuster provisions by moving up the trigger for a swambuster violation and by allowing producers to mitigate the loss of wetlands by restoring a converted wetland that has equivalent wetland value. Both provisions will also be easier to enforce with the establishment of a system of graduated penalties levied on the basis of the severity of the violation. The program to inventory wetlands with a high potential risk for conversion is continued at the 1991 level of about \$8 million.

Other Conservation Operations. Funding for soil surveys, snow surveys and plant material centers will continue at about the 1991 current estimate level. Soil surveys are made to inventory the Nation's basic soil resources and to determine land capabilities and conservation treatment needs.

Under its Snow Surveys and Water Forecasting program, SCS collects basic data to provide estimates of annual water availability from high mountain snow packs and relates this to summer stream flow in the western states and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

The purpose of SCS's Plant Materials Centers (PMC's) is to assemble, test, and encourage increased use of plant species which show promise for use in the treatment of conservation problem areas. Twenty-two PMC's are operated by SCS and four by cooperating agencies.

Watershed Planning. SCS makes preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations, and provides assistance to sponsors in the development of watershed work plans.

The budget includes \$7.3 million for Watershed Planning to continue funding the 82 plans that will be underway at the beginning of the year. While work will be primarily concentrated on projects underway, funding is provided for one new planning start.

Watershed and Flood Prevention Operations. The budget includes \$152.9 million in watershed construction to continue work already underway

at the beginning of 1992. SCS will continue to emphasize non-structural land treatment measures, as well as other programmatic activities that: 1) minimize the number of active construction projects, and 2) lower the Federal cost-share portion of planning and operations. For emergency watershed protection operations, funding will enable completion of contracts signed in prior years, as well as provide an immediate response capability to life-threatening watershed emergencies that arise during 1992. One new construction start under Small Watershed Operations is scheduled for 1992.

The 1991 current estimate reflects a proposed \$10 million rescission of unobligated financial assistance funds. Under this proposal, no new contracts would be signed for the remainder of 1991 in approximately 10 Small Watershed Operations projects.

River Basin Surveys and Investigations. SCS cooperates with other Federal, State, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys serve as guides for the development of water, land, and related resources in agricultural, rural, and upstream watershed settings.

The budget will continue the current trend of reducing the size and scope of studies done in cooperation with state and local sponsors. Funding will be continued for studies addressing highest priority resource problems and for studies where non-Federal sponsors have made the financial commitment to totally implement plans resulting from program studies.

Great Plains Conservation Program (GCP). The objective of the Great Plains Conservation Program is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the ten Great Plains States. SCS participates in cost-sharing of permanent conservation practices under long-term contracts with farmers and ranchers in designated counties in the Great Plains. Through cost-sharing and technical assistance, SCS helps make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

The budget includes \$25.3 million for this program in 1992 which will fund about 1,160 new GCP contracts covering more than 3 million acres.

Resource Conservation and Development (RC&D). The purpose of the RC&D program is to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop and carry out programs for resource conservation and development. The program also establishes or improves the coordination systems used in rural communities to effectively utilize available Federal, State, and local programs.

The 1992 budget includes \$23.6 million which will provide area coordinators to all 209 RC&D areas. Emphasis will be placed on providing technical assistance as financially assisted measures are eliminated. Local sponsors

SOIL AND WATER CONSERVATION PROGRAMS

would assume total responsibility for securing other than RC&D funding for project measures.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Conservation Reserve Program	\$1,513.1	\$1,814.6	\$1,790.6
Wetlands Reserve Program	0.0	0.0	124.4
Agricultural Conservation Program	182.4	190.2	183.0
Colorado River Basin			
Salinity Control Program	10.3	14.8	14.8
Water Bank Program	12.2	13.6	11.4
Forestry Incentives Program	12.4	12.4	12.4
Emergency Conservation Program	29.9	10.0	0.0
Dairy Indemnity Program	a/	a/	0.0
Salaries and Expenses	634.7	717.3	769.7
Total, ASCS	<u>\$2,395.0</u>	<u>\$2,772.9</u>	<u>\$2,906.3</u>

a/ Less than \$0.05 million.

The Agricultural Stabilization and Conservation Service (ASCS) administers a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources, and protecting the environment at the local level. ASCS's responsibilities also include management and operation of the Commodity Credit Corporation (CCC).

The Conservation Title of the recently enacted FACT Act strengthens the conservation provisions of the Food Security Act of 1985 and introduces new provisions that will help protect and enhance the environment by reducing soil erosion on agricultural lands, protecting wetlands, improving wildlife habitat, and improving water quality. A key provision of the FACT Act is the establishment of a new umbrella program, the Environmental Conservation Acreage Reserve Program (ECARP), which encompasses the existing Conservation Reserve and a new Wetlands Reserve Program. The FACT Act requires that at least 40 million acres be enrolled in ECARP by the end of 1995, including acreage already in the CRP, and the Department intends to meet this goal.

Conservation Reserve Program (CRP). The CRP offers producers an incentive to voluntarily remove highly erodible cropland and other environmentally sensitive land from production for a period of 10 years. Producers who enroll in the CRP receive an annual rental payment for idling the land and cost share help for establishing permanent cover. In the nine previous CRP

SOIL AND WATER CONSERVATION PROGRAMS

signups, about 34 million acres have entered the program. The average soil loss on these acres has been reduced from nearly 22 tons per acre per year to less than 2 tons per acre per year.

The FACT Act strengthens the CRP by broadening eligibility for the program to include cropland that contributes to water quality degradation, new filter strips and waterways, saline lands and wellhead protection areas. The Act also provides incentives to encourage the planting of hardwood trees in woodland, windbreak, shelterbelt, and wildlife areas.

The program level of \$1,790.6 million proposed for 1992 will be used to meet requirements under contracts signed under the 1985 Food Security Act and for 1992 costs under contracts that will be entered into in 1991 and 1992. The Department plans to enroll 5.5 million acres between 1991 and 1995.

Wetlands Reserve Program. The FACT Act establishes a new Wetlands Reserve Program (WRP) which allows individuals to enroll farmed wetlands or converted wetlands in exchange for a long-term or permanent easement. Participants must also agree to implement a wetlands conservation plan and will receive financial and technical assistance from the Department to do so. The budget proposal includes \$124.4 million for the full cost of an estimated 150,000 acres of wetlands that will be enrolled in the WRP during 1992. The Administration proposes to enroll an estimated 600 thousand acres in the WRP by the end of 1995.

Agricultural Conservation Program (ACP). Through the ACP, the Department provides cost sharing to landowners to restore and protect basic land and water resources. Funding for ACP cost share activities is proposed at \$183 million for 1992 which includes \$23 million to fund current programs in designated and special water quality project areas. This is the same level funded in 1991. In addition, the ACP proposal includes \$5 million to initiate the Water Quality Incentives Program as authorized by the FACT Act. By enrolling in this program, producers would receive incentive payments to implement a water quality protection plan. At this level of funding, the Department anticipates enrolling about 100,000 acres in this program.

Colorado River Basin Salinity Control Program. This program provides cost share assistance to landowners and others in the Colorado River Basin to enhance the quality and supply of water in the Colorado River. The program also supports the Administration's water quality initiative by reducing the salt load for downstream users. The proposed program level of \$14.8 million will be used primarily in on-going projects located in Colorado, Nevada, Utah and Wyoming.

Water Bank Program. Through this program, landowners enter into 10-year agreements to protect natural wetlands and adjacent lands in exchange for annual payments. Within the program level of \$11.4 million proposed for 1992, the Administration's goal is to enroll about one-third of the acreage under permanent easements with this percentage increasing to 100 percent by 1994. The easement component would require new authorizing legislation.

SOIL AND WATER CONSERVATION PROGRAMS

Forestry Incentives Program (FIP). The 1992 budget proposes to maintain the current program level of \$12.4 million which will provide cost sharing for tree planting on about 151 thousand acres and timberstand improvement on about 33 thousand acres. This would provide additional support to the President's multi-year initiative proposed last year to emphasize tree planting as part of the "America the Beautiful" campaign.

The Emergency Conservation Program provides cost-sharing to rehabilitate disaster impacted farmland. No funds are requested for this program.

For 1991, funds for ASCS' Salaries and Expenses are \$717.3 million, including a supplemental appropriation request of \$86.9 million. The 1992 estimate is \$769.7 million. The proposed supplemental appropriation and the increase of \$52.4 million in 1992 above 1991 are to cover additional operating expenses and implementation of the FACT Act which introduces a number of new provisions that will measurably increase county office workload, requiring 16,801 county staff years in 1991 and 16,957 county staff years in 1992.

FOREST SERVICE

FOREST SERVICE (FS)

**Program Level
(Dollars in Millions)**

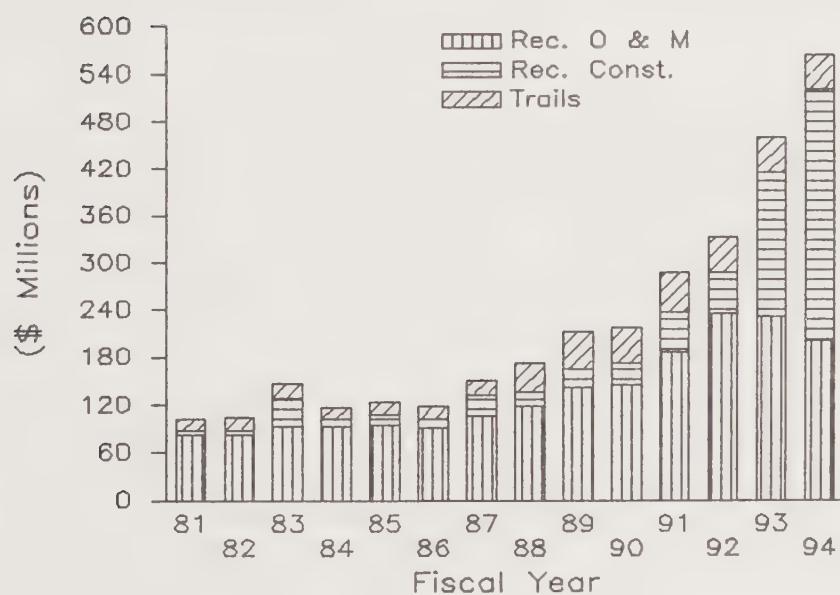
Program	1990 Actual	1991 Current Estimate	1992 Budget
America the Beautiful:			
Recreation,			
America's Great Outdoors	\$217.1	\$286.6	\$332.6
Tree Planting	0.0	70.1	140.0
Land Acquisition	<u>63.4</u>	<u>88.7</u>	<u>123.1</u>
Subtotal	280.5	445.4	595.7
Timber Related Programs:			
Prior Year Sales	641.1	713.8	763.2
Current Sales	475.7	468.0	433.6
Future Sales	152.5	160.3	161.2
General Administration Allocated to Timber Programs	<u>97.8</u>	<u>115.6</u>	<u>117.7</u>
Subtotal	1,367.1	1,457.6	1,475.6
Forest Research and Research Construction			
156.1	186.0	166.8	
State and Private Forestry (Excluding Tree Planting)			
109.6	112.3	75.6	
Other Programs:			
Wildlife and Fish	97.1	118.3	107.0
Soil, Water, and Air	60.3	70.2	68.4
Range	36.9	42.9	47.3
Minerals	27.8	29.0	35.8
Forest Fire Protection	174.7	176.2	184.6
Miscellaneous	<u>551.2</u>	<u>515.7</u>	<u>522.2</u>
Subtotal	<u>948.2</u>	<u>952.3</u>	<u>965.3</u>
Total, Controllable Programs .	2,861.6	3,153.6	3,279.0
Forest Fire Suppression	<u>611.8</u>	<u>118.0</u>	<u>112.0</u>
Total, FS	<u>\$3,473.4</u>	<u>\$3,271.7</u>	<u>\$3,391.0</u>
<hr/>			
Timber Sales Volume (BBF)	9.525	9.546	9.335
Timber Harvest Volume (BBF)	10.500	10.000	10.000
Receipts from Timber, Minerals, etc.	<u>\$1,395.7</u>	<u>\$1,445.7</u>	<u>\$1,469.9</u>

The National Forest System consists of about 191 million acres of national forests, national grasslands, and land utilization projects in 44 States, Puerto Rico and the Virgin Islands. Managing these lands accounts for the bulk of the FS budget. In addition, the agency conducts research, provides technical assistance and funding to State Forestry agencies, and funds a cost-share program to encourage tree planting and other forest stewardship practices on private woodlands.

America the Beautiful. The 1992 budget proposes significant increases in funding for a number of natural resources activities under the umbrella of "America the Beautiful."

- o Recreation. After relatively static funding in the early 1980's, the resources devoted to FS recreation programs have increased dramatically since 1986. The 1992 budget of \$333 million proposes a \$46 million (+16 percent) increase over 1991 as the first part of a major three-year effort to expand these programs still further to improve the availability and quality of recreation opportunities on the national forests.

RECREATION BUDGET



The 1992 - 1994 proposal will involve spending \$1.4 billion on recreation programs, about 90 percent more than the amount spent in the 1989 - 1991 period. This commitment to America's Great Outdoors will emphasize the replacement and rehabilitation of the national forest recreation infrastructure and limited construction of new facilities meeting high priority demands.

Special attention will be given to facilities near population centers, and there will be a strong emphasis on partnership arrangements where part of the resources will be provided by the private sector or State and local governments. A recreation fee legislative proposal will again be sent to Congress with the goal of increasing recreation receipts by \$10 million per year. The Administration will propose that the receipts be appropriated for outdoor recreation activities, and this accounts for about \$23 million of the three-year spending program.

- o Tree planting. In 1991, the Administration announced a major initiative involving increased funding and new legislation to promote tree planting with a goal of planting an additional one billion trees per year. Authorizing legislation was enacted as part of the Forestry Title of the FACT Act, and initial funding was provided as part of the 1991 Interior and Related Agencies Appropriations Act. There are four program activities funded as follows:

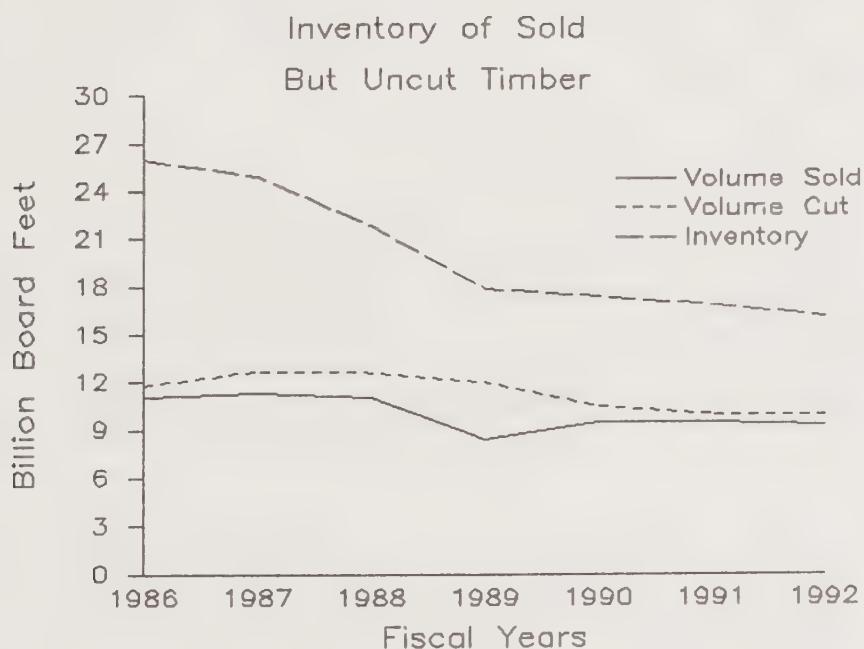
	1991 Current Estimate	1992 Budget
(Dollars in Millions)		
Grants to State forestry agencies for landowner technical assistance	\$12.4	\$20.0
Cost-sharing for forestry practices	19.9	90.0
Community forestry activities	17.9	30.0
Private Foundation Grant	19.9	0.0
Total	<u>\$70.1</u>	<u>\$140.0</u>

Landowner technical assistance is provided to nonindustrial private landowners through State forestry organizations to improve the management of private woodlands for objectives such as timber production, wildlife habitat improvement, enhancement of water quality and increasing the range of outdoor recreation opportunities. Cost-sharing is a companion program of Federal assistance to private landowners to finance the practices necessary to achieve stewardship objectives. Community forestry consists of technical assistance and a strong effort to foster volunteerism in planting trees in urban areas. In 1991 there was a one-time grant to the National Tree Trust, a private nonprofit organization, which will use the grant as seed money for fund raising in the private sector and the operation of a program of public education and tree planting.

- o Land Acquisition. Lands and interests in lands are acquired within areas of the National Forest System for a number of resource management purposes, especially outdoor recreation. The 1992 budget of \$123 million is an increase of \$34.3 million (+39 percent) over the 1991 level. Emphasis will be put on acquiring lands with special values such as those which will provide recreation opportunities to population centers, habitat for threatened or endangered species, wetlands, and inholdings within specially designated areas such as the National Wilderness Preservation System and Wild and Scenic Rivers.

Timber Operations. The budget will finance a timber sales level for 1992 at 9.3 Billion Board Feet (BBF) which is slightly down from the 9.5 BFF anticipated in 1991 and accomplished in 1990. Work continues on the development of a recovery plan for the northern spotted owl in the Pacific Northwest. The precise volume of sales which can be accomplished within the 1992 funding constraints will be affected by the specifics of the plan.

The sales volumes for 1991 and 1992 are close to the projected harvest volume of 10.0 BFF for both years. This should stabilize the inventory of sold but uncut timber under contract to industry which had declined sharply in recent years. In addition to the difference between the volume cut and sold, the inventory is influenced by factors such as wildfires, defaults, and the actual volume harvested differing from the estimated volume sold on individual sales.



In addition to the preparation of new timber sales, a substantial part of the FS budget is related to sales sold in prior years. This includes costs associated with timber harvest administration, reforestation and brush disposal on cutover areas and timber receipt-sharing payments made to States for county roads and schools. There is also a program of discretionary reforestation which affects the volume of sales in the distant future.

Timber activities are financed through portions of many separate accounts in the FS budget. Total timber program funding is estimated at \$1,476 million in 1992 about 1 percent above the \$1,458 million in 1991.

On November 28, the Tongass Timber Reform Act was signed into law. Among other things, it requires the renegotiation of the two long-term timber contracts on the Tongass National Forest in Alaska, and it removes certain lands from the timber base. In addition, the authorization of a permanent funding source for the timber program on the forest was repealed. The 1992 budget proposes \$47.7 million for Tongass timber activities, a \$4.9 million increase (+11 percent) over 1991.

Research. Forest Research is funded at \$163.2 million, which is a \$4.4 million reduction (-3 percent) from the 1991 level. Within the total, the \$25.4 million for global change research is an increase of \$2.8 million (+12 percent), and the \$6.3 million for tropical forestry research is an increase of \$2.6 million (+70 percent). While most other programs will continue near current levels, some lower priority projects will be stretched out or terminated. This will not require any location closures, and personnel reductions will be accomplished through attrition. Research construction is funded at \$3.6 million, a \$14.8 million reduction (-80 percent) from the 1991 level.

State and Private Forestry. In addition to the tree planting activities described under America the Beautiful, FS operates cooperative programs with the State forestry organizations in pest management, wildfire protection, forest management and special projects including a tropical forestry program which provides technical assistance to other countries. In total, these activities are funded at \$75.6 million in 1992 which is a \$36.7 million reduction (-33 percent) from the 1991 level. While most programs were reduced, tropical forestry was increased from \$2.5 million in 1991 to \$9.0 million in 1992.

SMALL COMMUNITY AND RURAL DEVELOPMENT

FARMERS HOME ADMINISTRATION (FmHA)

Program Level (Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Farm:			
Loans	\$ 2,293	\$ 4,500	\$ 3,488
Subsidy	0	0	255
Administrative Expenses	188	217	230
Grants	3	4	2
Housing:			
Loans	2,220	2,266	1,905
Subsidy	0	0	427
Administrative Expenses	353	408	425
Grants	345	388	480
Salaries and Expenses:			
Grants	22	25	27
Revolving Funds	<u>541</u>	<u>625</u>	<u>655</u>
Total, FmHA:			
Loans	4,513	6,766	5,393
Subsidy	0	0	682
Administrative Expenses	563	650	682
Grants	348	392	482

The Farmers Home Administration (FmHA) administers a broad range of loan and grant programs authorized principally by the Consolidated Farm and Rural Development Act and Title V of the Housing Act of 1949. Included are programs for farm credit, rural development and rural housing.

The 1992 budget proposes to transfer the rural development programs currently administered by FmHA to a new agency, The Rural Development Administration (RDA).

OBRA requires that the cost of credit programs be calculated and presented differently. Under credit reform procedures, budget authority and outlays reflect an estimate of the present value of program costs over the life of the loan. These subsidy costs include interest subsidy, and the costs of delinquency and default. Budget authority also includes the annual cost of administering all existing and new loans. Total subsidy costs for FmHA loan programs proposed for 1992 are estimated to be \$682 million. Administrative funding for FmHA in 1992 is estimated to be \$682 million.

The 1992 budget adopts OBRA and continues the policy of shifting from direct to guaranteed loans for farm lending. Guaranteed loans have exceeded direct loans since 1987 and even more emphasis on guaranteed lending is planned for 1992. The housing programs in the 1992 budget include a mix of direct and guaranteed loans and a voucher program. A portion of the guaranteed loans in the farm and housing programs will be subsidized. This important initiative which began in 1991 will encourage private sector guaranteed lending and provide more opportunity for borrowers who cannot afford commercial interest rates to qualify for such loans.

A stronger emphasis on guaranteed loans, together with an interest subsidy for a portion of the guaranteed loans, will stimulate private lending in rural areas. This not only improves the market orientation of government-assisted credit supplied to rural areas, it also relieves FmHA personnel from a portion of the loanmaking and loan servicing responsibility, freeing them to work on other policy initiatives such as improving the loan servicing on direct loan accounts.

SMALL COMMUNITY AND RURAL DEVELOPMENT

**Farm Programs
(Dollars in Millions)**

Program	1990	1991	1992	
	Actual Obligations	Program Level	Program Level	Budget Authority
Agricultural Credit Insurance Fund:				
Farm Operating:				
Guaranteed Unsubsidized	\$780	\$2,162	\$2,000	\$25
Guaranteed Subsidized	129	443	564	47
Direct	733	493	410	67
Subtotal	<u>1,642</u>	<u>3,098</u>	<u>2,974</u>	<u>139</u>
Farm Ownership:				
Guaranteed Unsubsidized	239	994	150	8
Guaranteed Subsidized	110	39	50	18
Direct	80	57	37	9
Indian Land Acquisition	1	1	2	1
Direct Soil and Water	5	5	0	0
Guaranteed Soil and Water	1	1	0	0
Subtotal	<u>436</u>	<u>1,097</u>	<u>239</u>	<u>36</u>
Emergency Disaster Loans	102	100	25	5
Watershed and Flood Prevention ...	3	4	0	0
Resource Conservation & Development	0	1	0	0
Sales of Inventory Property	<u>110</u>	<u>200</u>	<u>250</u>	<u>75</u>
Total, Loans	<u><u>\$2,293</u></u>	<u><u>\$4,500</u></u>	<u><u>\$3,488</u></u>	<u><u>\$255</u></u>
Farmer Program Administration Expenses				
State Mediation Grants	3	4	2	2

The FmHA farm programs provide a total level of \$3.5 billion in new loans in 1992, an increase of about 50 percent over actual obligations in 1990. Sales of inventory property are estimated at \$250 million and, under new credit reform provisions, are requested as new loan authority. Total subsidy costs for the farm loan programs proposed for 1992 are estimated to be \$255 million. Administrative funding for farm lending in 1992 is estimated to be \$230 million.

SMALL COMMUNITY AND RURAL DEVELOPMENT

The agency's proposed loan levels are consistent with those authorized by OBRA. Loan emphasis continues to shift from direct loans to guaranteed loans with a new interest subsidy program providing up to four percentage points of interest rate relief to borrowers. The interest subsidy program should facilitate the shift of existing direct loan borrowers to commercial credit and should allow the agency to serve new borrowers under the guarantee program.

The new program removes a requirement of the earlier buydown program for the private lender to contribute half the reduction in interest charged the borrower. In 1992, \$564 million in guaranteed operating loans and \$50 million in guaranteed ownership loans are estimated for the interest buydown program.

In accordance with provisions of the FACT Act, the agency is publishing regulations strengthening the ongoing market placement program known as "Operation Assist." Under this program, FmHA staff will continue to work with borrowers and local banks to prepare the borrower's application and help secure commercial credit guaranteed by FmHA.

The agency will again propose legislation to limit the number of years borrowers will be eligible for direct and guaranteed loan assistance. Credit assistance will be discontinued for borrowers unable to shift to commercial credit after the seven to fifteen year period of eligibility.

The operating loan level proposed for 1992 totals almost \$3 billion, compared to actual operating loan obligations in 1990 of \$1.6 billion. Guaranteed operating loans increase from \$909 million in 1990 to over \$2.5 billion in 1992. Reductions in direct lending are offset in part by an increase in subsidized guarantees from \$129 million in 1990 to \$564 million in 1992.

The 1992 budget provides \$150 million in unsubsidized ownership guarantees and \$50 million for subsidized ownership guarantees. The reduction from the actual level of obligations in 1990 is consistent with Administration policy to emphasize operating rather than real estate loan assistance. The reduction in the program level for emergency loans is consistent with expected usage.

SMALL COMMUNITY AND RURAL DEVELOPMENT

**Housing Programs
(Dollars in Millions)**

Program	1990 Actual Obligations	1991 Program Level	1992	
	Program Level	Budget Authority		
Rural Housing Insurance Fund:				
Very Low-Income Housing Repair ..	\$11	\$11	\$11	\$5
Single-Family Housing				
Direct	1,311	1,276	559	126
Guaranteed Unsubsidized	0	70	347	4
Guaranteed Subsidized	0	30	347	93
Rental Housing	572	574	341	148
Domestic Farm Labor Housing	11	16	16	9
Site Development	0	1	0	0
Self-Help Housing	1	1	0	0
Sales of Inventory Property	314	287	284	42
Total, Loans	<u>\$2,220</u>	<u>\$2,266</u>	<u>\$1,905</u>	<u>\$427</u>
Rural Housing Administrative Expense	\$353	\$408	\$425	\$425
Rural Housing Grants:				
Domestic Farm Labor Housing	\$11	\$13	\$5	\$5
Very Low-Income Repair	13	13	5	5
Mutual Self-Help Housing	6	18	0	0
Construction Defects	0	1	0	0
Housing Preservation	19	23	10	10
Housing Vouchers	0	0	190	190
Rural Rental Assistance	296	320	270	270
Total, Grants	<u>\$345</u>	<u>\$388</u>	<u>\$480</u>	<u>\$480</u>

FmHA administers several rural housing programs, primarily providing direct loan programs for single-family housing and rental housing, as well as rental assistance to low-income residents of FmHA-financed rental housing. Interest rates on these types of loans can be subsidized to as low as one percent with the average interest rate of 4 percent being paid by the single-family housing borrower. The typical family being served by the single-family housing program has an annual income of about \$12,000. Those served by the rental housing program have incomes of about \$8,000.

The 1992 budget will provide assistance for about 63,000 housing units, compared to 71,000 in 1991. The budget proposal for 1992 provides for an expansion of the subsidized guaranteed loan program for low-income families that is being initiated in 1991. This proposal would encourage the private sector to become more involved in supplying housing for rural residents. In addition, unsubsidized guaranteed loans will be provided for moderate-income families who can afford to pay commercial interest rates but require a guarantee to obtain commercial credit.

Low-income single-family housing will be funded at \$1,537 million, of which \$843 million will be available for direct loans, \$347 million for subsidized guaranteed loans and \$347 million for non-subsidized guaranteed loans. The interest rate subsidy on guaranteed loans will average 4 percent and the effective interest rate to borrowers will not drop below 3 percent. This rate of subsidy should be sufficient to reach a significant share of the low-income families eligible for FmHA assistance. Of the \$843 million in direct loans, sales of inventory property are estimated at \$284 million. Under new credit reform provisions, loans for the sale of inventory property are requested as part of new loan authority. Rental housing loans will be funded at \$341 million. Total subsidy costs for the housing loan programs proposed for 1992 are estimated to be \$427 million. Administrative funding for housing loans in 1992 is estimated to be \$425 million.

In addition to the loan programs, \$270 million will be available for rental assistance and \$190 million for housing vouchers. Vouchers will be targeted to those areas in which there is an adequate supply of housing.

SMALL COMMUNITY AND RURAL DEVELOPMENT

RURAL DEVELOPMENT ADMINISTRATION (RDA)

**Rural Development Programs
(Dollars in Millions)**

Program	1990 Actual Obligations	1991 Program Level	1992	
	Program Budget	Budget Level Authority		
Rural Development Insurance Fund:				
Water and Waster Disposal Loans				
Direct	\$350	\$500	\$425	\$64
Guaranteed	0	35	0	0
Subtotal	350	535	425	64
Business and Industry				
Loan Guarantees	88	100	95	6
Disaster Assistance Guarantees ..	16	70	0	0
Subtotal	104	170	95	6
Community Facilities Loans				
Direct	94	100	46	5
Guaranteed	14	25	50	1
Subtotal	108	125	96	6
Total, RDIF	562	830	616	76
Rural Development Loan Fund	19	32	35	18
Total, Loans	\$581	\$862	\$651	\$94
Rural Development Grants				
Water and Waste Disposal	\$212	\$301	\$225	\$225
Rural Development	16	21	20	20
Fire Protection	3	4	0	0
Solid Waste Management	0	2	0	0
Emergency Community Water Assistance	0	10	0	0
Total, Grants	\$231	\$337	\$245	\$245
Rural Development Administrative Expense	\$58	\$67	\$73	\$73

SMALL COMMUNITY AND RURAL DEVELOPMENT

The FACT Act established the Rural Development Administration and required that the community and business programs administered by FmHA and the associated personnel and finances be transferred to the new agency. The 1992 budget reflects the transfers required by the FACT Act. The Act, however, provides additional discretionary authority to transfer other USDA programs to the new agency. Planning for the new agency is just getting underway, and the Department has not completed its consideration of which USDA programs would be best suited for administration under the new agency. Any additional transfers would, however, be made within the budget resources available for the programs involved.

In addition to the transfer of programs, the budget reflects support for the President's Rural Development Initiative, announced in January 1990. Despite the need for budgetary constraint which requires reductions from 1991 program levels, the 1992 budget for rural development is slightly higher than actual obligations for the programs in 1990. The budget includes \$425 million in direct water and waste disposal loans, an increase of \$75 million over the amount available in 1990; \$95 million for Business and Industry Loan Guarantees; \$35 million for the Rural Development Loan Fund, an increase of \$16 million above the level for 1990; \$96 million for the Community Facilities Loan program, \$50 million of which is for guaranteed loans; \$225 million for Water and Waste Disposal grants, an increase of \$13 million over 1990; and \$20 million for Rural Development Grants, an increase of \$4 million over 1990.

In addition to these programs the Rural Development Administration budget includes \$2.6 million specifically for the establishment of State Rural Economic Development Councils. These Councils will serve as the coordinating vehicle for delivery of federal rural development programs in each state and are a primary component of the President's Rural Development Initiative. In addition to the \$2.6 million in this budget, there is an additional \$3.0 million in the budgets of the Departments of Housing and Urban Development, Interior, Labor, Transportation, Health and Human Services, Veterans Affairs and the Small Business Administration. In 1991, Councils will be established in eight states. The total amount available in 1992 will be used to support the establishment of additional State Councils.

Under credit reform procedures, budget authority and outlays reflect an estimate of the present value of program costs over the life of the loan. These subsidy costs include interest subsidy and the costs of delinquency and default. Program authority also separately includes the annual cost of administering all existing and new loans. Total subsidy costs for the loan programs proposed for 1992 are estimated to be \$94 million. Administrative funding for RDA in 1992 is estimated to be \$73 million.

SMALL COMMUNITY AND RURAL DEVELOPMENT

RURAL ELECTRIFICATION ADMINISTRATION (REA)

**Electric and Telephone Programs
(Dollars in Millions)**

Program	1990	1991	1992	
	Actual Obligations	Program Level	Program Level	Budget Authority
Rural Electrification and Telephone Revolving Fund:				
Electric:				
Direct	\$622	\$485	\$200	\$37
FFB	72	813	0	0
Private Sector Guarantees	0	162	1,100	0
Subtotal, Electric	694	1,460	1,300	37
Telephone:				
Direct	238	187	0	0
FFB	0	120	0	0
Private Sector Guarantees	0	62	0	0
Subtotal, Telephone	238	369	0	0
Rural Economic Development	7	5	5	2
Modified Loans	0	0	494	0
Administrative Expenses	0	0	29	29
Total, RETRF	939	1,834	1,828	68
Rural Telephone Bank:				
Direct	177	177	125	a/
Private Sector Guarantees ..	0	0	275	0
Administrative Expenses	0	0	9	9
Total, RTB	177	177	409	9
Salaries and Expenses	31	33	(38)	(38)
Total, REA	<u>\$1,147</u>	<u>\$2,044</u>	<u>\$2,237</u>	<u>\$77</u>

a/ Less than \$0.5 million.

Under credit reform procedures, budget authority and outlays reflect an estimate of the present value of program costs over the life of the loan. Budget authority includes interest subsidy, the annual cost of administering all existing and new loans, and the costs of delinquency and default. Subsidy costs for the loan program proposed for 1992 are estimated to be \$39 million. Total agency administrative costs for 1992 are estimated to be \$38 million.

The 1992 budget continues to promote a shift from direct to guaranteed private sector loans and other reforms for REA. A partial step in this direction was taken in the OBRA which mandates a 25 percent shift from direct to 90 percent guaranteed loans.

SMALL COMMUNITY AND RURAL DEVELOPMENT

The Administration has consistently proposed a more extensive shift and will repeat this legislative proposal for 1992. As a safety net, the budget includes \$200 million for direct electric loans at 5 percent which will be targeted to borrowers demonstrating inability to obtain private financing without greatly increasing subscriber rates and \$125 million in direct Rural Telephone Bank loans.

The proposed legislation will:

- o Provide authority for guarantees of private sector loans for electric distribution (\$600 million) and power supply borrowers (\$500 million). The legislation will also limit guarantees to 90 percent for power supply loans and 70 percent for distribution loans.
- o Provide authority for loan guarantees to be made by the Rural Telephone Bank. The Bank will then provide all telephone loans.
- o Increase the interest rate on direct Rural Telephone Bank loans gradually, beginning with a one-half percent increase in 1992 and increasing at this rate each year until reaching the actual cost of Treasury borrowing.
- o Provide a loan guarantee origination fee of one percent on guarantee loan advances in the Rural Electrification and Telephone Revolving Fund and the Rural Telephone Bank. The fee will increase by one-half percent each year until it reaches three percent.

The budget also proposes to privatize the Rural Telephone Bank by 1996 by retiring 51 percent of the Class A capital stock. The REA Act provides that the capital stock be retired at any time after September 30, 1995.

SMALL COMMUNITY AND RURAL DEVELOPMENT

FEDERAL CROP INSURANCE CORPORATION (FCIC)

Program Level (Dollars in Millions)

Program	1990 Estimate	1991	1992 Budget	
		Current Estimate	Current Law	Proposed Law
Crop Year Indicators:				
Insured Acres (millions)	101	102	97	84
Loss Ratio	1.15	1.40	1.30	1.30
Farmer Premium	\$630	\$665	\$665	\$655
Premium Subsidy	210	221	221	115
Total Premium	840	886	886	770
Total Indemnities	966	1,240	1,152	1,001
Farmer Premium (\$ per acre) ..	6.24	6.51	6.83	7.80
Total Premium (\$ per acre) ...	8.32	8.69	9.14	9.14
Indemnities (\$ per acre)	9.56	12.16	11.90	11.90
Net Payments To Producers	336	575	487	346
Administrative and Operating .	362	374	381	339
Total Government Expense ...	<u>\$698</u>	<u>\$949</u>	<u>\$868</u>	<u>\$685</u>

Fiscal Year Indicators:

Operating Expenses	\$362	\$374	\$381	\$289
Indemnities	966	1,229	1,152	1,020
Total, Program Level	<u>\$1,328</u>	<u>\$1,603</u>	<u>\$1,533</u>	<u>\$1,309</u>
Total Outlays	979	884	936	859
Total Appropriations	401	663	632	492
Transfers from CCC	300	150	150	150

The agency will implement program changes to adjust rates and coverages necessary to achieve actuarial soundness. FCIC has already begun an extensive review of its coverage provisions and will continue to make orderly changes in these provisions. Rate adjustments are estimated to reduce participation from 102 million acres in 1991 to 97 million acres in 1992, and improve the loss ratio from 1.40 in 1991 to 1.30 in 1992. The increase in premium rates is expected to offset the reduced participation so that total premium would remain \$886 million. As directed in 1991 appropriations action, FCIC and the Agricultural Stabilization and Conservation Service (ASCS) are evaluating the program implications of enabling ASCS to take a significant role in crop insurance sales, service and loss adjustment.

Under proposed law, the Corporation will combine these actuarial reforms with a reduction in the premium subsidy. Current law provides for subsidy of 30 percent on coverage up to 65 percent of normal yield and a lesser percentage subsidy on coverage up to 75 percent of normal yield. In practice, subsidy averages about 25 percent of the risk premium. The proposed legislation would reduce the subsidy to 15 percent of risk premium.

Proposed legislation will also allow the agency to include delivery costs by reinsured companies in total premium and to allow these companies the opportunity to compete by reducing their delivery costs and passing these savings on to farmers by reducing farmer paid premiums. The proposal would not affect the amount paid by the government for delivery costs in 1992. In addition to increasing competition, the proposal would assist in making the costs of delivery more visible, and premium rates more consistent with private sector pricing procedures.

Total government costs for the crop insurance program consist of administrative and operating expenses and indemnities net of farmer-paid premium. Outlays for any fiscal year are largely determined by program costs for the prior crop year. For example, the reduced outlays shown for 1991 reflect favorable loss experience in crop year 1990 rather than the impact of rate reforms. On a crop year basis, continuation of the current program without reforms would cost about \$950 million in crop year 1992. Adjustments of rates and coverages and other reforms planned under current law would reduce estimated costs to \$868 million. The combination of reforms and proposed legislation to reduce premium subsidy would reduce crop year costs further to \$685 million.

FOOD AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget Request
Food Stamp Program	\$15,527.7	\$18,276.7	\$19,650.0
Nutrition Assist. For Puerto Rico	936.8	963.4	1,013.0
Child Nutrition Programs:			
School Lunch	3,230.0	3,442.8	3,680.4
School Breakfast	591.5	656.8	726.1
Child and Adult Care Food	803.9	1,010.3	1,194.5
Child Care Audits	10.5	13.8	17.1
Summer Feeding	163.5	179.0	196.2
State Administrative Expenses ...	61.0	63.7	69.9
Commodity Procurement:			
FNS	217.7	257.3	215.6
Section 32	350.4	350.9	400.0
Nutrition Studies and Surveys ...	3.1	3.1	3.1
Nutrition Education and Training	5.0	7.5	5.0
Federal Review Initiative	4.3	4.4	6.5
Food Service Management Institute	0.5	1.1	1.1
Subtotal	5,441.4	5,990.7	6,515.5
Special Milk Program	22.0	23.4	23.0
Women, Infants, and Children (WIC).	2,129.0	2,350.1	2,573.4
Commodity Supplemental Food Program	72.9	92.7	89.6
Food Donations Programs:			
Food Distribution Program	68.3	83.1	86.4
Nutrition Program for the Elderly	143.4	149.9	151.5
Soup Kitchen Commodities	39.4	32.0	32.0
Subtotal	251.1	265.0	269.9
The Emergency Food Assistance Program	169.4	170.0	147.0
Food Program Administration	91.7	96.8	113.9
Total, FNS	\$24,642.0	\$28,228.7	\$30,395.2

FOOD AND CONSUMER SERVICES

FOOD AND NUTRITION SERVICE (FNS)

The Food and Nutrition Service administers domestic food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the Nation's children. The Nation's foundation food assistance program, the Food Stamp Program, is intended to assure that needy people have the funds to purchase an adequate diet from retail outlets. FNS's other programs essentially supplement the food stamp effort by providing additional food assistance to specific vulnerable groups. These programs are operated in a Federal-State partnership in which the Federal government is generally responsible for 100 percent of the food costs, a share of State administrative costs, interpreting the statutes and providing guidance. Benefits are delivered by State and local officials based on income and eligibility requirements.

The overall 1992 program level for FNS is \$30.4 billion, an increase of \$2.2 billion above the 1991 current estimate. Since these programs primarily help low-income persons with food, funding needs are affected by the number in poverty, unemployment and food price changes. The projection for 1991 unemployment is 6.6 percent and is expected to increase to 6.7 percent in 1992.

Food Stamp Program. The program is a Federal-State partnership that enables low-income households to improve their diets by supplementing their food dollars with food stamp coupons. With coupons, eligible households are able to purchase food items at most food stores. State and local governments receive and process recipients' applications, and make eligibility and benefit determinations based on uniform nationwide standards. Their administrative responsibilities include providing employment and training or other programs to help recipients who are able to work gain employment.

Key Information Relevant to the Food Stamp Program

	1990 Actual	1991 Current Estimate	1992 Budget Request
Unemployment	5.4%	6.6%	6.7%
Avg. Monthly Participation (millions)	20.038	21.775	22.368
Maximum Benefit for a family of four (\$/month)	\$331	\$352	\$370
Avg. Benefit (\$/person/month)	\$59.01	\$63.52	\$67.21

The 1992 budget requests \$19.7 billion, an increase of \$1.4 billion over the 1991 current estimate of \$18.3 billion. The 1991 current estimate includes a supplemental appropriations request for "such sums as are necessary". The current estimate for additional funds is \$200.0 million. However, due to the uncertainty in estimates of participation, as much as \$1.5 billion may be required. The 1991 current estimate also includes \$823 million which was appropriated in the 1991 Rural Development, Agriculture and Related Agencies Appropriations Act, but is contingent upon an official

FOOD AND CONSUMER SERVICES

request submitted by the President. The 1992 budget includes such a request.

Estimates of program needs have been revised based on unanticipated increases in the unemployment rate and first quarter participation. In 1992, due to the projected increase in food costs, the maximum benefit for a family of four is expected to reach \$370 per month, an increase of \$18 over the maximum benefit of \$352 in 1991. Participation in 1990 grew more rapidly than would be anticipated using standard indicators such as unemployment. Increases in participation are expected to continue in 1991 and 1992, but at a slower pace. Funding for this increase is provided and a contingency of \$2.5 billion is requested to be used if necessary for unanticipated further increases in participation or benefit levels. As food stamp households gain income through child support, modest food stamp savings are expected.

The Administration proposes to allow States the option of making household cooperation with local child support enforcement agencies a condition of food stamp eligibility. Child support enforcement programs collected \$5.2 billion in 1989 from 2.1 million of the 11.9 million cases where children were not supported by absent parents. In 1994, cooperation would become mandatory for households in all States, as it is for Medicaid and AFDC currently. These changes would have no cost impact in 1992, but are important initiatives that will be a big help to food stamp recipients nationwide.

	1990 Actual	1991 Current Estimate	1992 Budget Request
	(Dollars in Millions)		
Funding:			
Net Benefits	\$14,184	\$16,740	\$18,037
Administration and Other Program Costs	1,344	1,537	1,613
Total, Program Level ...	\$15,528	\$18,277	\$19,650

Nutrition Assistance for Puerto Rico. The block grant for the Nutrition Assistance Program (NAP) provides the Commonwealth funds which it may use as it sees fit to supplement recipients' income to help them purchase food for an adequate diet. About 45 percent of Puerto Rico's population, 1.45 million out of 3.2 million, currently receive cash for food through NAP. The 1992 budget requests \$1.0 billion, the maximum authorized under law.

Child Nutrition Programs. The Child Nutrition Programs are a Federal-State partnership in which the Food and Nutrition Service assists State and local governments in providing food services for children in public and nonprofit private schools, child and adult care institutions, and summer food service programs. FNS provides States cash and commodities on a per meal basis to offset the cost of eligible meals served to children, cash to offset a portion of State administrative costs, and technical assistance. Over 73

FOOD AND CONSUMER SERVICES

percent of these funds help children from low-income households. Under proposed law, the 1992 budget requests \$6.5 billion, an increase of \$0.5 billion above the 1991 current estimate. Highlights include:

- o National School Lunch Program. Participating schools are reimbursed for each meal served at rates which vary according to the child's family income. Under current law, the 1992 budget requests \$3.7 billion, an increase of \$229.7 million above the 1991 current estimate of \$3.4 billion. This request provides for 4,147.1 million meals, an increase of 36.7 million meals over the 1991 estimate of 4,110.4 million meals.

Legislation is proposed that will improve targeting of school lunch subsidies by increasing per meal subsidies for meals served to children in households between 130 and 185 percent of poverty by an additional \$0.25 per meal (an increase of \$142.5 million). Thus, the maximum allowable price for a lunch served to such children will be reduced from \$0.40 to \$0.15. This proposal is targeted to reaching about 250,000 needy children who are eligible to purchase meals at a reduced price but are currently not participating or are purchasing meals at the paid price. In addition, it will provide additional assistance to the 1.7 million daily participants who currently purchase meals at a reduced price. This increased cost is offset by provisions that will decrease per meal subsidies for meals served to children in households above 185 percent of poverty by 6 cents.

- o School Breakfast Program. The School Breakfast Program is available to the same schools and institutions as the School Lunch Program and uses the same income eligibility guidelines. Under current law, the 1992 budget requests \$721.9 million, an increase of \$65.6 million above the 1991 current estimate of \$656.3 million. This request will provide for a total of 775.8 million meals, 32.5 million more meals than the 1991 estimate.

Since reauthorization of the Breakfast Program in 1989, USDA has provided additional assistance to the States to encourage the expansion of breakfast service to more needy children. This effort appears successful, as the number of breakfasts served in 1990 increased by nearly 7 percent over the previous year. In 1992, \$5 million is included for distribution to schools to assist them with nonrecurring expenses incurred in initiating a school breakfast program, the maximum amount authorized by law.

Like the lunch program, legislation is proposed that will encourage children from households with incomes between 130 and 185 percent of poverty to participate by reducing the maximum allowable price for a breakfast served to such children from \$0.30 to \$0.10. Thus, the subsidy will be increased an additional \$0.20 per meal (an increase of \$8.0 million). This increase will be partially offset by a decrease in the per meal subsidies for meals served to children in households above 185 percent of poverty by 3.75 cents.

FOOD AND CONSUMER SERVICES

Meals Reimbursed and Subsidy Rates (Cash and Commodity) for the School Lunch and Breakfast Programs

Household Income Category	Meals Served, Average Daily		Reimbursement: Federal Rate Per Meal	
	1991	1992	1991	1992
	(In Thousands)		(In Dollars)	
<u>School Lunch Program:</u>				
1. Students from families above 185% of poverty (above \$23,495 for a family of 4)	12,787	12,132	\$0.2950	\$0.2450 <u>a/</u>
2. Students from families between 130% and 185% of poverty (between \$16,510 and \$23,495 for a family of 4)	1,654	1,980	\$1.1925	\$1.5300 <u>b/</u>
3. Students from families below 130% of poverty (below \$16,510 for a family of 4)	10,126	10,216	\$1.5925	\$1.6800
<u>School Breakfast Program:</u>				
1. Students from families above 185% of poverty (above \$23,495 for a family of 4)	589	615	\$0.1825	\$0.1500 <u>c/</u>
2. Students from families between 130% and 185% of poverty (between \$16,510 and \$23,495 for a family of 4) Regular	113	117	\$0.5975	\$0.8475 <u>d/</u>
Severe Need <u>e/</u>	118	123	\$0.7675	\$1.0250 <u>d/</u>
3. Students from families below 130% of poverty (below \$16,510 for a family of 4) Regular	1,446	1,510	\$0.8975	\$0.9475
Severe Need <u>e/</u>	2,185	2,280	\$1.0675	\$1.1250

- a/ Under current law an average of 12,902,000 meals would be served at a daily subsidy rate of \$0.3050.
- b/ Under current law an average of 1,669,000 meals would be served at a daily rate of \$1.2800.
- c/ Under current law an average of 615,000 meals would be served at a daily rate of \$0.1875.
- d/ Under current law an average of 117,000 regular meals and 123,000 severe need meals would be served at a daily rate of \$0.6475 and \$0.8250 respectively.
- e/ Rates in effect for schools serving 40 percent of their lunches at free or reduced rates during second preceding school year.

FOOD AND CONSUMER SERVICES

- o Child and Adult Care Food Program. The Child and Adult Care Food Program provides funds for food service to children in non-residential child care centers and family day care homes. In addition, certain adult day care centers for impaired adults are eligible for cash and commodity assistance essentially under the same guidelines as child care centers.

The 1992 budget requests \$1.2 billion, an increase of \$0.2 billion above the 1991 current estimate of \$1.0 billion. This request will provide for 1.3 billion meals, an increase of 0.1 billion meals above the 1991 current estimate of 1.2 billion meals. This increase is due in part to expansion of the Head Start Program, and recent legislative efforts to expand availability of child care to low income persons.

- o Summer Food Service Program. The Summer Food Service Program provides funds for food service to needy children during summer vacation. Meal provider institutions must be public or private non-profit schools, residential camps, other government organizations, or certain private non-profit organizations. Meals are served free to all participants and are limited to lunch and either breakfast or a supplement. The 1992 budget requests \$196.2 million, an increase of \$17.2 million over the 1991 current estimate of \$179.0 million. This request will provide for 97.6 million meals, an increase of 2.2 million meals above the 1991 estimate of 95.4 million meals.
- o Federal Review Program. The Federal Review Program was established to conduct Federal reviews in the National School Lunch Program to evaluate the accuracy of local and State meal service data and provide training and technical support to schools to help improve local program accountability. The 1992 budget requests \$6.5 million, an increase of \$2.1 million above the current estimate of \$4.4 million. Additional funds are requested to continue current efforts and to extend Federal review efforts to the Child and Adult Care Food Program.

Special Milk Program. This program encourages children to drink more milk by subsidizing half-pints of milk in schools and institutions that do not participate in other Federally-subsidized meal service programs.

The 1992 budget requests \$23.0 million, a decrease of \$0.4 million below the 1991 current estimate of \$23.4 million. Although the number of half-pints served is expected to increase from 209.0 million in 1991 to 213.2 million in 1992, the reimbursement rate per half-pint of milk is expected to drop based on the latest economic assumptions. The total number of half-pints served in 1992 includes 201.4 million partially subsidized (paid) half-pints and 11.8 million fully subsidized (free) half-pints at an average reimbursement rate of \$0.1050 and \$0.1579, respectively. The half-pints served in 1991 include 197.4 million paid half-pints and 11.6 million free half-pints at a reimbursement rate of \$0.1088 and \$0.1660, respectively.

FOOD AND CONSUMER SERVICES

Special Supplemental Food Program for Women, Infants and Children (WIC). The WIC Program provides nutritious supplemental foods to low income pregnant, postpartum, and breastfeeding women and to infants and children up to age 5 who are determined by competent professionals to be at nutritional risk. Recipients also receive nutrition education, advice and assistance on the importance of breastfeeding, and referrals to the health care system.

The 1992 budget requests \$2.6 billion, an increase of \$223 million over the 1991 current estimate of \$2.4 billion. This request will support increased average monthly participation totaling 4.9 million women, infants and children at an average monthly food package cost of \$33.48 per person. This compares to an estimated 4.7 million women, infants and children at an average monthly food package cost of \$31.67 in 1991. This funding level is sufficient to cover inflation and expand participation to about 175,000 additional women, infants and children. Federal funds available for State program administrative costs, based on a national monthly per person administrative grant, will be about 24 percent of total funds appropriated for the program in 1992. In 1992, these costs are expected to average \$10.30 per person per month, for a total monthly cost per person of \$43.78.

The following table displays projected program growth from 1989 to 1992:

	1989	1990	1991	1992
Total Average Participation (millions).....	4.1	4.5	4.7	4.9
Average Monthly Food Cost Per Person	\$30.14	\$30.30	\$31.67	\$33.48
Average Monthly Admin. Cost Per Person	\$8.43	\$8.86	\$9.74	\$10.30
Food Cost (millions)	\$1,539	\$1,642	\$1,791	\$1,964
Administrative Cost (millions)	385	480	551	604
All Other (millions)	5	7	8	5
Total, Program Level ...	<u>\$1,929</u>	<u>\$2,129</u>	<u>\$2,350</u>	<u>\$2,573</u>

Effects of Cost Containment (Infant Formula Rebates* - included in program totals above):

Cost Containment Savings (millions) ...	\$290	\$500	\$600	\$600
Participants Due to Rebates (millions) ...	0.55	0.88	0.95	0.90

* Highest rebate currently \$1.36 per 13 ounce can of formula.

Commodity Supplemental Food Program (CSFP). CSFP provides Federally purchased commodities to supplement the diets of low-income pregnant, postpartum, and breastfeeding women, infants, and children up to age 6. The purpose and clientele is similar to the WIC program, although nutritional risk, nutrition education, breastfeeding promotion and health care referrals are not required. However, referrals to Food Stamp, AFDC, Child Support Enforcement and Medicaid Programs are now required by the FACT Act. CSFP differs from WIC in that 5 year old children and persons 60 years of age and older may receive program benefits.

The 1992 budget requests \$89.6 million, a decrease of \$3.1 million from the 1991 current estimate of \$92.7 million. Reduced availability of donated nonfat dry milk in 1992 and the resultant increase in food package costs will result in decreased elderly caseload allocations. This request will support an average monthly caseload of 221.9 thousand women, infants and children and 85.4 thousand elderly. In addition, 20 percent of these funds are provided to assist State's with program administrative costs. From 1991 to 1992, the value of the food package, including the value of donations, is estimated to increase from \$20.41 to \$20.70 for women, infants and children and from \$16.23 to \$16.43 for elderly recipients. In 1992, as authorized by the FACT Act, and subject to availability, not less than 9 million pounds of cheese and not less than 4 million pounds of nonfat dry milk shall be donated to this program.

Food Donations Programs. Persons in need are provided food assistance through the Food Distribution Program on Indian Reservations (FDPIR); the Nutrition Program for the Elderly (NPE); and Commodities for Soup Kitchens. The 1992 budget requests a program level of \$269.9 million, an increase of \$4.9 million over the 1991 current estimate of \$265.0 million.

- o Food Distribution Program on Indian Reservations (FDPIR). Under food stamp law, Indian Tribal Organizations (ITOs) that prefer to do so, may operate FDPIR. FDPIR provides an alternative to the Food Stamp Program for eligible households living on or near an Indian reservation and provides a monthly food package intended to supplement the food available to households, much like the Food Stamp Program.

The 1992 budget requests \$86.4 million, an increase of \$3.3 million over the 1991 current estimate of \$83.1 million. This increase is needed to fund increases in the cost of the food package.

- o Nutrition Program for the Elderly (NPE). As a supplement to HHS programs for the elderly through the Older Americans Act of 1965, NPE provides cash and commodities for nutritionally sound meals to local elderly nutrition centers.

The 1992 budget requests funding of \$151.5 million, a \$1.6 million increase in funding over the 1991 current estimate of \$149.9 million. The requested funding will extend the current 56.76 cents per meal assistance to additional meals for a total of 266.7 million meals.

- o Commodities for Soup Kitchens. The FACT Act reauthorized the purchase, processing, and distribution of commodities to soup kitchens and food banks. The Act gives priority to institutions which primarily serve the homeless. The 1992 budget requests \$32.0 million for the purchase of commodities for this program, which primarily feeds homeless people, the same as 1991.

The Emergency Food Assistance Program (TEFAP). Formerly the Temporary Emergency Food Assistance Program, this program was initiated in December 1981, using existing authorities. In addition to food stamps and other complementing programs, needy persons may receive commodities via this State-Federal partnership. In 1992, as in 1991, about \$111 million worth of commodities are expected to be made available from farm program authorities in addition to purchased commodities through TEFAP.

The 1992 budget includes \$147.0 million for purchase of commodities and for State intrastate distribution expenses. In addition to commodities made available to TEFAP "free" from farm program authority inventories, the budget provides \$120.0 million for the purchase of commodities through TEFAP authorities. For 1992 the estimated total value of available commodities, both purchased and donated, is \$231.0 million.

Of the total \$147.0 million, the budget requests \$27.0 million for grants to States for intrastate distribution of commodities. In 1983 Congress provided \$50 million for TEFAP administrative funding (equivalent to 5 percent of the value of commodities distributed) and limited the amount provided to local agencies to 5 percent of the value of the commodities. Since 1983 the amount of commodities distributed has decreased by one-half and the value by three-quarters. The requested level will be more than twice (11.6 percent) the historic 5 percent level based on anticipated commodity value and more in line with the administrative needs of the program.

Food Program Administration. This appropriation provides for the salaries and expenses for Federal level administration of the domestic food assistance programs. The 1992 budget requests \$113.9 million, an increase of \$17.1 million over the 1991 current estimate of \$96.8 million. This increase will provide for the agency's increased operating costs and increased emphasis on program integrity, especially in the Food Stamp Program. In addition to pay costs and other inflationary increases, specific program integrity initiatives include:

- o Anti-Fraud Strike Force. The budget provides \$4.0 million and 33 staff years to bolster the Department's efforts against fraudulent redemption of food stamps. This will help ensure that food stamps are used by needy households to purchase food.
- o Electronic Benefit Transfer (EBT). The budget provides \$500,000 to develop EBT standards as required by the FACT Act.

FOOD AND CONSUMER SERVICES

- o Integrated Financial Management Information System. The budget provides \$3.7 million to develop, document and implement a core accounting system. The funds will also provide for development and integration of additional information system modules.

HUMAN NUTRITION INFORMATION SERVICE (HNIS)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991		1992 Budget
		Current Estimate		
Human Nutrition Information Service	\$9.0		\$9.9	\$12.7

HNIS conducts applied research in food and nutrition--what foods Americans buy and eat, what nutrients are in the foods that we eat, and how we can make informed food choices. This research forms the basis for U.S. Nutrition policy and includes two major nationwide surveys:

- o The decennial Nationwide Food Consumption Survey (NFCS) identifies the food consumption patterns of U.S. households, monetary value of the food they use and dietary intake by individuals. These data permit a detailed analysis of the adequacy of the American diet.
- o The Continuing Survey of Food Intakes by Individuals (CSFII) provides timely data on food consumption patterns for the general population and groups which may be at nutritional risk. This survey provides an annual view of American food consumption and nutrient intake patterns.

The 1992 budget requests \$12.7 million, an increase of \$2.8 million over the 1991 current estimate of \$9.9 million. The increase will:

- o Fund implementation of the National Nutrition Monitoring and Related Research Act of 1990. This includes 4 staff years and \$1.6 million, mostly for survey design and methodology research for new surveys of food consumption for high-risk populations such as pregnant and lactating women, a priority for both Congress and the Administration.
- o Provide \$0.5 million to fully fund HNIS participation in the USDA Pesticide Data Program to \$1.0 million. As one of the four key agencies, HNIS will continue to develop a linkage of food intake data on individuals through an expanded Food Grouping System with pesticide residue data provided by other agencies in the program.
- o Provide \$0.3 million to support ongoing research and \$0.4 million for pay cost increases.

MARKETING AND INSPECTION PROGRAMS

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Agricultural Quarantine Inspection:			
Appropriated	\$65.1	\$51.3	0.0
User Fees and Reimbursements	20.4	42.0	\$108.3
Veterinary Diagnostics:			
Appropriated	13.1	13.7	14.3
User Fees	0.0	0.0	1.9
Import-Export Inspection:			
Appropriated	9.2	8.9	10.2
User Fees	0.0	0.0	2.3
Animal Damage Control Operations	22.9	24.6	20.4
Integrated Systems Acquisition			
Project	0.0	0.0	5.0
Mediterranean Fruit Fly	35.6	9.6	10.1
Biocontrol	5.2	4.9	7.5
Brucellosis	58.9	64.6	67.7
Screwworm	30.8	33.4	34.0
Grasshopper and Mormon Cricket	8.3	8.9	6.2
Animal Welfare	7.5	9.7	9.3
Boll Weevil	12.8	13.1	11.2
Gypsy Moth	4.6	4.9	5.2
Imported Fire Ant	3.5	4.2	1.6
Animal Disease Detection	5.8	8.3	10.1
Animal Health Compliance and Enforcement	15.0	12.4	11.6
Veterinary Biologics	8.4	9.2	9.8
Buildings and Facilities	13.6	21.4	23.4
All Other	92.9	103.1	90.4
 Total, APHIS	 <u>\$433.6</u>	 <u>\$448.2</u>	 <u>\$460.5</u>

The Animal and Plant Health Inspection Service is responsible for protecting U.S. animal and plant resources from diseases and pests. The agency accomplishes this through five principle areas of activity:

- o Inspecting products at ports of entry and conducting pest control activities in other countries to prevent the introduction of foreign or exotic diseases or pests;
- o Administering domestic control and eradication programs to combat outbreaks of economically threatening plant pests and animal diseases;

MARKETING AND INSPECTION PROGRAMS

- o Surveying the spread of plant pests and animal diseases for State, local, and private action;
- o Regulating humane care of animals for research and exhibitions; and,
- o Providing scientific and technical assistance for biotechnology, disease diagnostics, and pest control methods development.

User Fees. Section 2509 of the FACT Act, as amended by OBRA, gives APHIS the authority to set and collect user fees for providing services connected with Agricultural Quarantine Inspection (AQI), Veterinary Diagnostics, and Import-Export activities.

APHIS' AQI program is the Nation's frontline defense against the introduction of dangerous agricultural pests and diseases from other countries. APHIS will begin collecting fees for the agency's AQI activities in mid-1991. The 1992 budget proposes an increase of \$15 million (including reimbursements) for the AQI program.

APHIS' Veterinary Diagnostics program provides diagnostic assistance for various diseases which threaten livestock, poultry, and related industries. APHIS' Import-Export program prevents the introduction of foreign animal diseases into the United States and increases the export of animals and animal products. APHIS plans to begin recovering the costs for a portion of its Veterinary Diagnostics and Import-Export activities in early 1992. For the Veterinary Diagnostics program, \$16.2 million is budgeted of which \$1.9 million is expected to be received through user fees. For the Import-Export program, \$12.5 million is budgeted of which \$2.3 million is expected to be received through user fees.

Animal Damage Control Operations. Through this program, APHIS provides technical assistance, conducts research, and maintains cooperative programs to reduce agricultural losses caused by predatory animals, birds, and rodents. The Animal Damage Control program also conducts control operations for target species on Federal, State, and private lands. The 1992 budget proposes a funding level of \$20.4 million, which is a reduction of \$4.2 million from the 1991 current estimate. APHIS would reduce current programs involving direct control, and would not expand into new geographic areas or begin new initiatives. APHIS would rely on States and private entities to assume responsibility for activities involving direct control of damage by species in nontraditional segments of the agricultural community.

Integrated Systems Acquisition Project. The 1992 budget proposes \$5.0 million to begin a 10-year contract for automated data processing procurements and equipment maintenance. This project is an APHIS initiative to establish a strategic framework for the implementation of the next generation of information resource management systems. The agency's goal is to replace its current combination of incompatible, antiquated automated data processing equipment with a fully integrated system capable of communicating and exchanging information throughout the agency as well as with other Federal and non-Federal organizations.

Mediterranean Fruit Fly. The Mediterranean fruit fly is one of the world's most destructive pests of fruits and vegetables. The objective of the Medfly program is to prevent sustained infestations of this dangerous pest from occurring in the United States, Puerto Rico, the Virgin Islands and north of the 16 degree parallel in Central America. When an infestation of this pest does occur, APHIS, in cooperation with the affected State, initiates a program to eradicate the outbreak.

On February 1, 1990, the Secretary of Agriculture declared a state of emergency due to an outbreak of the Medfly in California. APHIS and the State of California Department of Food and Agriculture began eradication activities for infestations of the Medfly and the oriental fruit fly in California. An emergency was declared on a later date due to an outbreak of the Medfly in Florida and a Mexican fruit fly outbreak in California. A total of 305 adult Medflies were found throughout California, and 22 were detected in Dade County, Florida, during these emergencies. Eradication efforts consisting of pesticide/bait spray applications and/or sterile insect releases and regulatory activities were completed by November 9, 1990. This program successfully eradicated the Medfly from Florida and California.

APHIS has constructed a sterile fruit fly rearing facility in Hawaii which began operation in 1990. The 1992 budget proposes a funding level of \$10.1 million, which will provide for continuation of cooperative agreements with Mexico and Guatemala, as well as for bringing the sterile fruit fly rearing facility in Hawaii to full production levels.

Biocontrol. The agency currently works with States and the research community to suppress a wide variety of plant pests through the use of biological control projects for economically significant insects and weeds such as the Russian wheat aphid, Colorado potato beetle, and leafy spurge. The 1992 budget proposes funding of \$7.5 million, which includes funding for Russian Wheat Aphid activities previously funded in a separate line item, to fund laboratory and field activities, such as foreign collection, quarantine screening, rearing, distributing, environmental assessments, and evaluating beneficial organisms against a number of pests.

Brucellosis. The Department cooperates with State governments, industry organizations, and individual herd owners to eradicate brucellosis. The program identifies infected animals and herds through surveillance and testing at points of first concentration such as auction markets and calf branding operations, removes reactors for slaughter and provides for disease prevention through vaccination. Since 1982, APHIS has been using a classification system as a basis for allocating resources and regulating interstate movement of cattle. At the end of 1990, 31 States, including the District of Columbia and the U.S. Virgin Islands, had no known brucellosis infection during the previous year. There are 16 States, including Puerto Rico, with "Class A" status with an infection rate for cattle herds during the previous year below 0.25 percent. Currently, the highest brucellosis infection levels, "Class B", which is an infection rate less than 1.5 percent for the previous year, are concentrated in six southern States (Arkansas, Florida, Louisiana, Mississippi, Oklahoma, and

Texas). The 1992 budget proposes funding of \$67.7 million, an increase of \$3.1 million over the 1991 current estimate. The increase will enable continuation of key program activities for both cattle and swine brucellosis programs.

Screwworm. The Screwworm Eradication Program protects the U.S. livestock industry by eradicating screwworms from Mexico and Central America Countries. An eradication barrier is maintained indefinitely to ensure that no screwworms cross the U.S.-Mexican border. The 1992 budget proposes funding of \$34.0 million, an increase of \$0.6 million over the 1991 current estimate. At this level, the program will continue operations in Mexico, Belize, and Guatemala.

Grasshopper and Mormon Cricket. Grasshoppers annually infest rangeland in a number of Western States. During heavy infestations, the pest also attacks cropland, causing extensive damage to alfalfa, wheat, beans, and other crops. The 1992 budget proposes a program level of \$6.2 million, which includes \$4.8 million from carryover balances of no-year funds, to carry out surveys of the grasshopper populations in the Western States, and to initiate control programs if populations exceed the established threshold level.

In 1990, APHIS was provided with a supplemental appropriation of \$6.8 million for treatments on Conservation Reserve Program (CRP) land in North Dakota, South Dakota, and Minnesota. In addition to the original three States, Idaho requested and was permitted to use the funds. Due to rainy weather conditions, grasshopper populations were not as high in Minnesota and the Dakota States as originally expected. The unexpended balance of these no-year funds will be available to control grasshoppers on CRP lands in 1991 and 1992.

Buildings and Facilities. This separate APHIS appropriation of \$23.4 million funds new construction, as well as maintenance and repair of APHIS-operated facilities. Specifically, the 1992 budget proposes:

- o \$2.5 million to construct outdoor animal holding facilities for the Animal Research Laboratory at the Fort Collins Wildlife Research Center in Colorado;
- o \$5.4 million for repairs, alterations, and renovations for currently owned APHIS facilities;
- o \$3.5 million for the APHIS share of improvements and repairs to the facilities at the Plum Island Animal Disease Center in New York; and,
- o \$12.0 million for the second phase of a \$33 million project to construct greenhouses, an equipment storage building, and a utility substation at the National Germplasm Quarantine Center at Beltsville, Maryland.

MARKETING AND INSPECTION PROGRAMS

FOOD SAFETY AND INSPECTION SERVICE (FSIS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Slaughter Inspection	\$247.6	\$265.5	\$246.8
Processing Inspection	104.0	111.2	105.2
Import-Export Inspection	10.7	11.3	10.9
Laboratory Service	21.3	22.7	22.1
Grants to States	37.6	38.1	38.5
Total, Appropriated	421.2	448.8	423.5
Cost-Sharing Program	0.0	0.0	50.0
Trust Funds	1.3	1.4	1.2
Total, FSIS	<u>\$422.5</u>	<u>\$450.2</u>	<u>\$474.7</u>

The mission of the Food Safety and Inspection Service is to assure the Nation's meat and poultry supply is safe, wholesome, unadulterated and properly labeled and packaged.

For 1991, a supplemental of \$8.0 million has been requested to maintain mandatory in-plant inspection and to take over the State of Maryland's inspection program as of April 1, 1991. FSIS has taken all responsible steps to contain costs. However, it is unable to fulfill its obligation to perform mandatory inspection of a growing food production industry with current resources under current statutory authority.

In 1992, the budget proposes a program level of \$474.7 million, an increase of \$24.5 million over the 1991 current estimate. The total increase of \$24.5 million will fund increased pay costs. The Agency will continue to stress progress in improving the meat and poultry inspection system by continuing the implementation of Hazard Analysis and Critical Control Point (HACCP) principals and the modernization of the label review process.

Legislation will be submitted to require the industry to share 50 percent of inspection costs for daily inspection provided beyond one eight-hour shift. Plants that operate beyond their regularly scheduled shift already pay the overtime costs of inspectors. Plants that operate second or third shifts are provided inspectors without reimbursing the Federal government. In some sense, these plants are operating in a permanent overtime status. Rather than proposing that the entire cost of the second and third shifts be borne by the industry, the Administration is proposing to share these costs. The industry would continue to pay the full cost of inspection while an inspector is in overtime status. It is estimated that FSIS will collect \$50.0 million for providing inspection services beyond the first eight hours.

MARKETING AND INSPECTION PROGRAMS

Approval of this proposal will help to assure adequate funding for this program in the future when constraints on the Federal budget may impair the ability of the agency to meet industry needs. In addition, the legislation will be designed to help prevent a disruption in the marketing of meat and poultry products. It will allow establishments to voluntarily pay for required inspection when Federal funding is unavailable due to a sequester. Current law does not permit such a procedure even when the industry is willing to do so.

Specific FSIS activities include the following:

Slaughter Inspection. FSIS inspectors and veterinarians inspect all carcasses in slaughter plants for disease and other abnormalities, and samples for the presence of chemical residues. Other responsibilities include the application of uniform standards for sanitation, equipment, and facilities, and humane methods of slaughter.

Processing Inspection. Meat and poultry processing operations are inspected by FSIS on a daily basis. Typical processing operations include cutting, boning, curing, and canning. Inspector activities include review of plant operations for sanitation and cleanliness, labeling, and packing functions. In addition, inspector duties include sampling for laboratory analysis.

Import-Export Inspection. FSIS reviews inspection systems in countries exporting meat and poultry products to the U.S. and inspects imported products at ports of entry. Products destined for export markets are inspected by FSIS domestic inspectors at slaughter and processing plants for proper labeling and packaging in accordance with the destination country's standards.

Laboratory Services. FSIS operates four laboratories and has agreements with two other private laboratories to perform the scientific testing in support of inspection operations. Samples sent to the laboratories are analyzed to identify the presence of pathogens, residues, additives, disease, and foreign matter. FSIS operates the Residue Violation Information System which rapidly provides and disseminates data on residue violations, repeat offenders, and agency enforcement actions.

Grants to States. FSIS has authority to approve state meat and poultry inspection programs for products travelling in intrastate commerce. FSIS reviews State inspection programs to assure standards, at least equal to Federal standards, are applied to meat and poultry plants under State jurisdiction. For State inspection programs, USDA contributes, through the Grants to States program, up to 50 percent of each State's costs.

MARKETING AND INSPECTION PROGRAMS

AGRICULTURAL MARKETING SERVICE (AMS)

**Program Level
(Dollars in Millions)**

Program	1990 Actual	1991 Current Estimate	1992 Budget
Appropriated Funds:			
Market News	\$16.2	\$17.3	\$20.0
Inspection and Standardization	13.2	14.9	13.4
Market Protection and Promotion	1.8	13.8	25.4
Wholesale Market Development	1.6	1.9	2.1
Transportation Services	2.4	2.4	2.6
Payments to States	1.2	1.2	0.9
Appropriations to Trust Funds	0.0	0.0	2.6
Total, Appropriated	36.4	51.5	67.0
Section 32 Funds:			
Marketing Agreements and Orders	7.8	8.3	0.3
Commodity Purchase Services	5.2	5.7	6.1
Perishable Agricultural Commodities Act			
Act	5.5	6.5	6.5
User Fees and Trust Funds	124.2	132.6	158.8
Total, AMS	<u>\$179.1</u>	<u>\$204.6</u>	<u>\$238.7</u>

Programs of the Agricultural Marketing Service enhance the marketing and distribution of agricultural products. For 1992, the budget proposes \$238.7 million of which \$158.8 million (66.5 percent) will be funded by user fees. The 1992 budget proposes to convert \$15.6 million in appropriated funding to user fees.

Market News Program. This program provides timely, accurate information to assist producers, growers, and marketers of farm products in making critical decisions of where and when to sell and at what price. The collection of market information is a joint effort by both Federal and State reporters. Once the data is collected, it is summarized and incorporated into standardized formats for dissemination. Reports are disseminated through several media, including satellite distribution, wire services, telephone message machines, news services, and mail.

Under current law, tobacco growers cannot be charged a fee for printed tobacco news reports. Subscription fees are charged for all other commodity news reports. The budget includes a legislative proposal to charge tobacco growers for costs associated with the postage, printing, and handling of printed market news reports. This proposal would save \$10 thousand.

MARKETING AND INSPECTION PROGRAMS

Inspection and Standardization. AMS develops and maintains standards of quality and condition for use in the grading of agricultural commodities. The standards provide a common language of trade for buyers and sellers of commodities both here and abroad. For 1992, legislation will be proposed to convert \$4.3 million in appropriations to user fees to cover the costs of developing commodity standards. Commodity standardization and grading provides a direct benefit to the industry by helping to insure the orderly and efficient marketing and distribution of farm commodities from the farm to domestic and foreign buyers. AMS will collect an estimated \$158.8 million in user fees for providing grading services to the industry in 1991.

Under authority provided by the Egg Products Inspection Act, AMS operates a mandatory continuous inspection program for processed egg products and determines the disposition of unwholesome eggs. The AMS inspectors' duties include checking the acceptability of shell eggs, monitoring sanitation, and oversight of processing procedures. All eggs processed for human consumption must be pasteurized which eliminates *Salmonella*, including the *enteritidis* strain. Inspectors have authority to remove eggs unfit for human consumption and, in cases where a plant fails to meet AMS requirements, inspectors may withdraw inspection and close the plant.

For 1992, the budget includes an increase of \$1.8 million for increased operating costs and for increased monitoring and testing of egg products for microbiological and chemical contamination.

Market Protection and Promotion. This activity includes \$21.9 million for the AMS portion of the Department's Pesticide Data Program (previously identified as the Food Safety Initiative) to administer a national pesticide residue monitoring program. AMS would increase the level of sampling and the number of test commodities included under the program (page 14).

This activity also includes a \$1.5 million to implement pesticide record keeping requirements of the FACT Act. A program would be implemented to require certified applicators of restricted use pesticides to maintain records of their utilization and of such pesticides. AMS will develop this program cooperatively with the States and in consultation with the Environmental Protection Agency. The National Agricultural Statistical Service will expand its program of data collection surveys and reports on pesticide use.

Transportation Services. On January 1, 1991, the activities of the Office of Transportation were incorporated into the Agricultural Marketing Service. This action was taken to improve the coordination of transportation and marketing policies of the Department. The budget provides increased funding for pay and operating costs. At the requested level of funding, the agency will be able to maintain the same level of transportation related services and analyses.

MARKETING AND INSPECTION PROGRAMS

Appropriations to Trust Funds. The Dairy Grading Program provides fee supported grading services to the dairy industry and the government. During the latter part of the 1980's, legislative changes reduced the demand for grading services. As a result, the Dairy Grading Program experienced a sudden and severe decline in revenues. In response to the changing demand for services, all but one regional office was closed and staff was reduced by more than half. Despite these efforts, the program depleted its operating reserve and accumulated a deficit. For 1992, the budget includes \$1.3 million to eliminate the Dairy Grading Program accumulated deficit.

This activity also includes \$1.3 million to implement the National Laboratory Accreditation Program authorized by the FACT Act. Laboratories conducting residue testing of agricultural products or that make claims concerning chemical residues on agricultural products may request accreditation. This program would verify that these laboratories meet minimum quality and reliability standards. AMS would develop this program in cooperation with the Food Safety and Inspection Service, the Environmental Protection Agency, and the Food and Drug Administration to ensure consistency in accreditation procedures.

Marketing Agreements and Orders. Marketing orders maintain orderly conditions by establishing minimum prices which handlers pay producers for milk and dairy products and by regulating the quality, quantity, or size of fruits and vegetables which handlers market in commercial channels. Marketing Agreements and Orders are administered at the local level by market administrators or committees whose expenses are financed through assessments collected by the market administrators or committees from regulated handlers. AMS supervises the administration of this program and conducts hearings to determine producer sentiment toward new order programs and revisions of current programs.

For 1992, legislation will be proposed to recover Federal costs for administration and economic analyses related to Marketing Agreements and Orders for milk, fruit, vegetables, and certain specialty crops through assessments. The appropriate market administrator or committee will be billed for these costs. The estimated savings generated by this proposal are \$11.3 million.

MARKETING AND INSPECTION PROGRAMS

FEDERAL GRAIN INSPECTION SERVICE (FGIS)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Appropriated Funds	\$8.2	\$9.7	\$5.5
User Fees	<u>34.2</u>	<u>37.2</u>	<u>47.7</u>
Total, FGIS	<u>\$42.4</u>	<u>\$46.9</u>	<u>\$53.2</u>

The Federal Grain Inspection Service establishes official U.S. standards for grain, conducts weighing and inspection activities, and inspects other agricultural products, such as rice, dry beans and peas, processed grain products, and hops.

About 81 percent of the FGIS program is financed by user fees. The 1992 budget proposes to seek additional authority to charge user fees for standardization and quality assurance activities.

The 1992 budget proposes a program level of \$53.2 million, an increase of \$6.3 million over the 1991 current estimate. The increase includes \$3.0 million for increased pay costs and \$3.3 million for program initiatives to improve grain quality, standards development, residue testing, and inspection improvements.

The 1992 budget proposes to charge user fees for standardization and quality assurance activities, and estimates that \$7.6 million will be collected. Compliance activities will continue to be financed from appropriated funds. This proposal is similar to the one made for 1991 and is consistent with a proposal in the Agricultural Marketing Service to charge user fees for commodity standardization activities.

PACKERS AND STOCKYARDS ADMINISTRATION (PSA)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Packers and Stockyards Administration ..	\$9.6	\$10.7	\$11.4

The Packers and Stockyards Administration works to assure the integrity of the livestock, meat, and poultry markets and the market place. This is accomplished through fostering fair and open competition and guarding against deceptive and fraudulent practices which affect meat and poultry

MARKETING AND INSPECTION PROGRAMS

prices. Producers, consumers and industry are protected from unfair business practices which can unduly affect meat and poultry distribution and prices. The 1992 budget requests \$11.4 million, an increase of \$0.7 million over the 1991 current estimate for increased pay costs.

In 1992, PSA will continue to implement its Agencywide Information Management System (AIMS) which began in 1991. This system will enable PSA to track and monitor current and prospective registrants; track complaints; review records; and, follow up on information in order to better identify large and problem traders operating in violation of the requirements of the Packers and Stockyards Act.

AGRICULTURAL COOPERATIVE SERVICE (ACS)

Program Level
(Dollars in Millions)

Program	1990 Actual	1991		1992 Budget
		Current Estimate		
Agricultural Cooperative Service	\$4.7		\$4.9	\$5.1

The purpose of the Agricultural Cooperative Service is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives. ACS provides technical assistance and conducts research on economic, financial, organizational, legal, social, and other related issues that affect cooperatives. The 1992 budget requests an increase of \$276 thousand to fund increased pay costs.

ECONOMICS AND STATISTICS

ECONOMICS AND STATISTICS

Program Level
(Dollars in Millions)

Agency	1990 Actual	1991 Current Estimate	1992 Budget
Economic Research Service	\$51.0	\$54.8	\$62.9
National Agricultural Statistics Service	67.2	76.7	87.1
World Agricultural Outlook Board	1.9	2.2	2.5
Total, Economics and Statistics	<u>\$120.1</u>	<u>\$133.7</u>	<u>\$152.5</u>

ECONOMIC RESEARCH SERVICE (ERS)

The Economic Research Service provides agricultural economic information that addresses the concerns and the decisionmaking needs of farmers, consumers, extension workers, private analysts, processors, marketers, and government policy officials. ERS is requesting an increase of \$8.1 million over the 1991 current estimate. This includes an increase of \$2.5 million for support of the Administration's Food Safety Initiative. This increase will provide analytic support for USDA food safety and pesticide assessment activities. It will include development of data on chemical use in the marketing sector, the evaluation of the costs and benefits of alternative public and private food safety control strategies and will provide assessment of the impact of pesticide regulation and residue control programs on the safety of the public food supply (page 14).

The Administration's Global Change Research Initiative will be supported by a requested increase of \$1.65 million for economic studies. This will include economic research on the long term implications of changing climate, water and soil resources on agricultural production and related economic issues. A total of \$1.15 million of this work will be allocated to universities through cooperative agreements (page 20).

In response to national concern for the conservation and purity of our water supply, the Department established an ongoing Water Quality Initiative in 1989. In 1992, ERS is requesting a \$1.0 million increase to expand water quality-related data collection and economic and policy analysis in response to the need of USDA and other Federal agencies for research, education, technical assistance, and pesticide benefit-cost and risk assessments (page 16). An additional increase of \$315 thousand is requested to support evaluation of other high priority programs and issues. The budget also includes a request of \$2.6 million for increased pay costs.

NATIONAL AGRICULTURAL STATISTICS SERVICE (NASS)

The National Agricultural Statistics Service collects and reports statistical data on crop and livestock production, inventories, prices and other agricultural economic indicators. It provides critical data for use by farmers, marketers, private and public sector analysts and officials.

Crop and livestock estimates are made by a central office in Washington, D.C., and by State statistical offices which are typically operated as joint State and Federal services. The agency also conducts and coordinates research on statistical techniques. An increase of \$10.4 million over the 1991 current estimate is requested. Proposed increases include: \$2.5 million for an expansion of the survey of pesticide use data to provide more useful and current data in support of the Food Safety Initiative (page 14); \$1.85 million to improve statistical sampling frames in order to enhance efficiency and quality of data collection in support of an Administration-wide initiative to improve government statistical programs; \$1.0 million to develop and test a survey of mandatory applicator records of the utilization of restricted use pesticides; \$1.0 million to expand and improve data collection on fruits, vegetables and other crops; \$315 thousand for cotton ginnings data collection previously conducted by the Census Bureau; \$1.3 million to install an improved FTS 2000 communication system; and \$2.44 million for increased pay costs.

WORLD AGRICULTURAL OUTLOOK BOARD (WAOB)

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB funding request for 1992 of \$2.5 million represents a total increase of \$324 thousand. This increase includes: \$100 thousand for evaluation of forecasts and expansion of global agronomic databases; \$53 thousand for ADP and information system improvements; and \$171 thousand for increased pay and related costs.

DEPARTMENTAL ACTIVITIES

DEPARTMENTAL OFFICES AND ACTIVITIES

Program Level
(Dollars in Millions)

Program	1990 Actual	1991 Current Estimate	1992 Budget
Departmental Offices:			
Office of the Secretary	\$7.3	\$7.6	\$9.1
Departmental Administration			
Staff Offices	22.0	23.1	26.6
Office of Budget and Program			
Analysis	4.5	5.0	5.5
Office of Public Affairs	8.5	8.9	9.6
Office of the Inspector General	51.8	55.6	65.2
Office of the General Counsel	21.5	23.1	25.9
Subtotal	<u>115.6</u>	<u>123.3</u>	<u>141.9</u>
Centralized Activities:			
Advisory Committees	1.5	1.4	2.0
Building Operations and			
Maintenance	23.8	25.1	25.7
Rental Payments	47.8	48.8	51.6
Hazardous Waste Management	19.9	24.8	29.9
Working Capital Fund			
Capitalization	0.0	3.8	0.0
Subtotal	<u>93.0</u>	<u>103.9</u>	<u>109.3</u>
Total, Departmental Offices and Centralized Activities .	<u>\$208.6</u>	<u>\$227.2</u>	<u>\$251.2</u>

The Departmental Offices have responsibility for: overall planning, coordination and administration of the Department's policies and programs; coordination and liaison between the agencies of the Department and the Office of Management and Budget, the Congress, the media and the public; central services to the agencies of the Department and all legal, audit and investigative work in connection with administration of the Department's programs.

For 1992, funds are requested for increased pay costs and for a number of Departmental program support initiatives which are described below.

Office of the Secretary. The 1992 budget includes funds for increased operating costs and for additional resources for expanded agricultural trade efforts and additional rural development policy activities.

DEPARTMENTAL ACTIVITIES

Departmental Administration (DA) Staff Offices. The budget includes program increases for the DA staff offices to expand the following initiatives:

- o Workforce Diversity. An increase of \$570,000 is requested for expansion of program delivery and efforts to achieve a USDA work force consistent with the racial and cultural diversity of the Nation. The Department would increase its outreach and recruitment efforts to target groups, train managers on better ways to employ and serve a variety of people, increase efforts to work with small and minority business contractors, and expand the EEO counseling and complaint resolution program.
- o Systems Integration. An increase of \$599,000 would be used to foster integration of USDA's management information systems to ensure that the systems are compatible, not duplicative, and are serving the needs of farmers and other constituents, while providing managers with the data needed for effective management of programs. As part of this effort, funding is included to upgrade USDA's central financial and administrative systems.
- o Agency Oversight. An increase of \$580,000 would provide additional DA services and support to USDA agencies. These projects include expansion of the ethics program to increase oversight and provide training for USDA managers and expanded budget, fiscal, ADP and telecommunications support services. In addition, funding is included to provide for preparation of annual financial statements of all activities of the Department pursuant to the Chief Financial Officers Act of 1990.

Office of Budget and Program Analysis. The budget includes an increase for ADP equipment replacement.

Office of Public Affairs. The budget provides for increased work with the Food and Agriculture Councils and for additional information production and dissemination.

Office of the Inspector General. The budget includes increases for pay in accordance with new legislation concerning Federal law enforcement officers and for audits of annual financial statements pursuant to the Chief Financial Officers Act of 1990.

Office of the General Counsel. The budget provides for additional legal services to respond to the growing demand resulting from program changes, more regulatory work and substantial litigation, and to provide increased preventive legal counsel.

DEPARTMENTAL ACTIVITIES

Centralized Activities. The 1992 budget includes program increases for:

- o New Advisory Committees mandated by recently enacted legislation.
- o Non-recurring repairs for health and safety needs to be funded from within the rental payments account.
- o Hazardous Waste Management activities of the Department.

UNITED STATES DEPARTMENT OF AGRICULTURE
Budget Authority
(Dollars in Thousands)

Agency	1990 Actual	1991 Current Estimate	1992 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$605,966	\$672,601	\$716,727
Cooperative State Research Service	385,586	454,206	409,151
Extension Service	369,300	398,478	410,817
National Agricultural Library	14,676	16,798	17,453
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	1,269,414	1,555,932	1,988,758
Foreign Agricultural Service	101,343	105,548	109,523
Commodity Credit Corporation	6,273,115	11,327,225	10,737,079
Office of International Cooperation and Development	10,321	11,876	10,607
P.L. 480	978,221	1,010,853	1,301,253
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	803,501	762,271	809,300
Forest Service	3,473,429	3,271,666	3,390,993
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	14,595,378	14,689,209	10,768,720
Rural Development Administration	0	0	772,829
Federal Crop Insurance Corporation	400,633	663,222	474,342
Rural Electrification Administration	1,165,859	1,415,175	78,080
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	24,512,354	27,794,865	29,936,869
Section 32	581,020	375,276	428,108
Human Nutrition Information Service	9,031	9,923	12,654
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	8,185	9,706	5,452
Animal and Plant Health Inspection Service	374,880	431,341	440,700
Food Safety Inspection Service	422,657	450,282	424,712
Agricultural Cooperative Service	4,714	4,864	5,140
Agricultural Marketing Service	128,575	150,578	166,059
Packers and Stockyards Administration	9,562	10,687	11,359
ECONOMICS			
Economic Research Service	51,041	54,800	62,879
National Agricultural Statistics Service	67,178	76,715	87,116
World Agricultural Outlook Board	1,910	2,196	2,520
ADMINISTRATION			
Office of the Secretary	7,314	7,638	9,081
Departmental Administration	22,022	23,052	26,563
Hazardous Waste Management	19,927	24,757	29,943
Working Capital Fund	0	3,750	0
Rental Payments and Building Operations ...	71,592	73,901	77,298
Advisory Committees	1,494	1,407	2,038
Office of Public Affairs	8,473	8,882	9,599
Office of the Inspector General	51,779	55,580	65,247
Office of Budget and Program Analysis	4,522	4,971	5,549
Office of the General Counsel	21,525	23,130	25,865
Gifts and Bequests	1,816	1,679	2,500
Offsetting Receipts	-1,501,660	-1,557,175	-1,696,439
TOTAL, U.S. DEPARTMENT OF AGRICULTURE ...	\$55,326,653	\$64,397,865	\$62,136,444

UNITED STATES DEPARTMENT OF AGRICULTURE
Outlays
(Dollars in Thousands)

Agency	1990 Actual	1991 Current Estimate	1992 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	\$603,355	\$640,726	\$674,707
Cooperative State Research Service	368,816	410,715	389,437
Extension Service	363,805	388,205	407,250
National Agricultural Library	14,604	16,511	15,290
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	1,753,106	2,082,400	2,117,316
Foreign Agricultural Service	97,465	100,271	108,012
Commodity Credit Corporation	6,471,364	10,843,666	11,042,666
Office of International Cooperation and Development	3,298	13,324	12,827
P.L. 480	887,062	1,119,759	585,438
NATURAL RESOURCES AND ENVIRONMENT			
Soil Conservation Service	768,738	773,098	804,886
Forest Service	2,933,683	3,236,067	3,208,916
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	6,712,665	6,412,191	3,862,827
Rural Development Administration	0	0	1,063,572
Federal Crop Insurance Corporation	978,694	883,730	859,148
Rural Electrification Administration	278,346	405,249	511,027
FOOD AND CONSUMER SERVICES			
Food and Nutrition Service	23,619,860	27,864,916	29,893,088
Section 32	379,181	381,076	408,523
Human Nutrition Information Service	8,694	9,460	11,853
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	9,623	9,706	4,987
Animal and Plant Health Inspection Service	371,488	420,761	410,230
Food Safety Inspection Service	422,516	450,082	424,912
Agricultural Cooperative Service	4,893	4,835	5,062
Agricultural Marketing Service	131,479	150,568	162,290
Packers and Stockyards Administration	9,736	10,687	11,359
ECONOMICS			
Economic Research Service	51,090	54,236	60,954
National Agricultural Statistics Service ..	65,573	76,706	85,594
World Agricultural Outlook Board	1,933	2,132	2,483
ADMINISTRATION			
Office of the Secretary	6,576	7,659	8,700
Departmental Administration	23,941	22,714	26,398
Hazardous Waste Management	7,020	23,911	23,686
Working Capital Fund	4,699	3,750	0
Rental Payments and Building Operations ..	71,408	74,210	76,215
Advisory Committees	1,188	1,521	1,728
Office of Public Affairs	8,767	8,882	9,213
Office of the Inspector General	50,979	55,726	63,216
Office of Budget and Program Analysis	3,994	4,934	5,270
Office of the General Counsel	21,640	23,066	25,444
Gifts and Bequests	2,000	1,680	2,500
Offsetting Receipts	-1,501,660	-1,557,175	-1,696,439
TOTAL, U.S. DEPARTMENT OF AGRICULTURE ...	\$46,011,619	\$55,431,955	\$55,690,585

UNITED STATES DEPARTMENT OF AGRICULTURE
Staff-Years

Agency	1990 Actual	1991 Current Estimate	1992 Budget
SCIENCE AND EDUCATION			
Agricultural Research Service	8,207	8,200	8,250
Cooperative State Research Service	178	193	208
Extension Service	176	175	177
National Agricultural Library	202	192	192
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS			
Agricultural Stabilization and Conservation Service	3,297	3,365	3,365
Foreign Agricultural Service	855	858	858
Office of International Cooperation and Development	192	185	185
NATURAL RESOURCES AND ENVIRONMENT			
Forest Service	42,341	43,000	42,599
Soil Conservation Service	13,519	14,208	14,545
SMALL COMMUNITY AND RURAL DEVELOPMENT			
Farmers Home Administration	12,447	12,952	11,702
Rural Development Administration	0	0	925
Rural Electrification Administration	526	524	520
Federal Crop Insurance Corporation	854	865	865
FOOD AND CONSUMER SERVICES			
Human Nutrition Information Service	89	106	110
Food and Nutrition Service	1,931	1,956	2,029
MARKETING AND INSPECTION SERVICES			
Federal Grain Inspection Service	802	813	827
Animal and Plant Health Inspection Service	5,815	5,750	5,800
Food Safety and Inspection Service	9,432	9,525	9,552
Agricultural Cooperative Service	67	69	69
Agricultural Marketing Service	4,100	4,314	4,354
Packers and Stockyards Administration	187	187	187
ECONOMICS			
Economic Research Service	784	835	852
National Agricultural Statistics Service	1,049	1,131	1,175
World Agricultural Outlook Board	27	32	34
ADMINISTRATION			
Office of the Secretary	96	94	98
Departmental Administration	2,159	2,255	2,378
Office of Public Affairs	148	155	155
Office of the Inspector General	834	870	918
Office of Budget and Program Analysis	74	74	74
Office of the General Counsel	366	406	428
TOTAL, United States Department of Agriculture	110,754	113,289	113,431







